

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE
BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD

INTERNATIONAL CONSULTING SERVICES,
LTD. d/b/a ICS TRAVEL

Petitioner,

v.

CHEAP TICKETS, INC.

Respondent.

Cancellation No.: 92032311

Consolidated with Opposition
No. 91124251



05-10-2004

U.S. Patent & TMO/TM Mail Rcpt Dt. #22

Box TTAB NO FEE
Commissioner for Trademarks
2900 Crystal Drive
Arlington, VA 22202-3513

RESPONSE TO ORDER TO SHOW CAUSE

On April 20, 2004, the Trademark Trial and Appeal Board ("Board") issued an Order to Show Cause why it should not enter judgment against Respondent Cheap Tickets, Inc. ("Cheap Tickets" or "Respondent") in light of Cheap Tickets having allowed Registration No. 2,021,844, involved in the aforementioned cancellation proceedings ("844 Registration") to be cancelled under Section 8 of the Trademark Act.¹ Pursuant to 37 C.F.R. 2.134(b) and Trademark Trial Appeal Board Manual Of Procedure, Section 602.02(b), Cheap Tickets files this response to show good cause why judgment should not be entered against it in connection with the '844 Registration. As is established in more detail below, the entry of judgment is not appropriate in this case because Respondent has not abandoned the CHEAP TICKETS mark included in the '844 Registration. In fact, Cheap Tickets filed a timely Section 8 affidavit in connection with the

¹ The Order to Show Cause does not pertain to Registration No. 2,021,749 ("749 Registration"), for the word mark CHEAP TICKETS, INC., and which is also the subject of these proceedings.

'844 Registration. *See* Declaration of Susan L. Crane ("Crane Decl.") ¶ 3 and Exh. A. Given the timely filing of the Section 8 affidavit, the cancellation of the '844 Registration was an error by the USPTO, which Respondent will seek to remedy through a petition to the Commissioner of Patents and Trademarks. *See id* ¶ 4.

Moreover, given that Petitioner's allegations with respect to the '844 Registration and the CHEAP TICKETS mark have been held by a federal court to be entirely lacking in merit and warranting the imposition of sanctions against Petitioner, the entry of judgment against Respondent with respect to the '844 Registration would be tantamount to a travesty and miscarriage of justice.

On December 12, 2002, Respondent filed a timely Section 8 Affidavit of Continued Use for the '844 Registration.² *See* Crane Decl. ¶ 3 and Exh. A. The USPTO confirmed receipt of the Section 8 filing through an electronic communication with Respondent and entered a notation on the TEAS system stating "TEAS Section 8 Received". *See id* ¶ 3 and Exh. B. Respondent did not hear further from the USPTO concerning the Section 8 filing. *Id.* ¶ 4. It appears, however, that on September 13, 2003, the USPTO erroneously cancelled the '844 Registration for failure to file a Section 8 affidavit. *Id.* Exh. B. Respondent was not aware of the erroneous cancellation of the '844 Registration until receipt of the Order to Show Cause on April 20, 2004. *Id.* ¶ 4. In light of the fact that Respondent timely filed a Section 8 Affidavit of Continued Use, rendering the subsequent cancellation an error, it would be inappropriate to enter judgment in favor of Petitioner in this matter.

In addition, the utter lack of merit to Petitioner's case and Petitioner's misconduct in pursuing the same claims asserted in the cancellation action in federal court provide further support for the conclusion that there should be no entry of judgment for Petitioner on any

² The Section 8 Affidavit submitted in connection with the '844 Registration erroneously referenced U.S. Registration No. 2,021,749. When this error was detected by Respondent a few days after the filing, Respondent confirmed with the Post Registration Branch of the USPTO that it could be corrected through the filing of a letter explaining the error and providing the proper registration number reference. Respondent submitted the requested letter on December 18, 2002. *See* Crane Decl. ¶ 3 and Exh. C.

grounds in this case. Petitioner sought to intimidate Cheap Tickets into allowing Petitioner to use the virtually identical designations of CHEAP TICKET and CHEAPTICKET.COM in connection with its travel services to profit from Cheap Tickets' success by creating both a likelihood of and actual confusion among consumers. *See* Crane Decl., ¶ 5. To that end, on July 18, 2001,³ Petitioner filed the instant petition to cancel the '844 Registration and the '749 Registration⁴ on grounds the marks were merely descriptive and/or generic. *See id.* Petitioner did not include any allegations of abandonment in its pleadings. On the same day, Petitioner initiated a suit in the United States District Court for the Eastern District of New York, Civil Action No. 01-4768 JS, on the same grounds ("Federal Action"). *See id.*, ¶ 6. Again, Petitioner did not include any allegation of abandonment. In the Federal Action, Cheap Tickets filed its answer and counterclaim alleging, among other things, trademark infringement for Petitioner's use of the CHEAP TICKET designation and CHEAPTICKET.COM domain name. *See id.* On October 10, 2001, Petitioner also filed Opposition No. 91124251 for Application Serial No. 76/043,058. *See id.*, ¶ 7. With its opposition, Petitioner cites the same grounds it alleges in the instant cancellation proceeding and Federal Action. *See id.*

Because Petitioner made the same allegations in the instant cancellation proceeding, the opposition proceeding and Federal Action, Cheap Tickets sought to consolidate and stay both the cancellation and opposition proceedings pending final disposition of the Federal Action. *See* Crane Decl., ¶ 7. On August 23, 2002, the Board granted Cheap Tickets' motion, and the proceedings were consolidated and stayed. *See id.*, ¶ 7, Exh. D.

On May 5, 2003, both Petitioner and Cheap Tickets filed motions for summary judgment in the Federal Action which would dispose of all issues raised. *See* Crane Decl., ¶ 8. In light of the complete lack of merit on the part of Petitioner's allegations, Cheap Tickets prevailed on all grounds and was awarded profits and sanctions. *See id.*, Exh. E (March 29, 2004 Order Granting

³ Service of the petition occurred on August 17, 2001.

⁴ The Board accepted a Section 8 Affidavit of Continued Use for the '749 Registration on February 20, 2003.

Cheap Tickets' Summary Judgment Motion and Denying ICS' Cross Motion for Summary Judgment Motion ("March 29 Order")). Specifically, the Court found, as a matter of law, among other things, that: (1) the CHEAPTICKETS designation was a valid and protectable mark; and (2) Petitioner's use infringed Cheap Tickets' ownership of the CHEAPTICKETS mark. *See id.* at 24. It further awarded sanctions to Cheap Tickets after finding Petitioner had engaged in the "most egregious violations of discovery" by exhibiting a "gross lack of care" in maintaining its business records after its initiation of the Federal Action. *Id.* at 21-23.

Judgment was thereafter entered on April 9, 2004, in favor of Cheap Tickets and against Petitioner ("Judgment"). *See* Crane Decl., ¶ 9, Exh. F. The Court enjoined Petitioner from using the CHEAP TICKET designation and CHEAPTICKET.COM domain name. *See id.* at 1. It further ordered Petitioner transfer the cheapticket.com domain name to Cheap Tickets and surrender for destruction all material bearing the CHEAP TICKET designation. *See id.* at 1. In addition, the Court ordered cancellation of any state or federal trademark registration obtained by Petitioner for the CHEAP TICKET or CHEAPTICKET.COM mark, and awarded damages and sanctions to Cheap Tickets. *See id.* at 2.

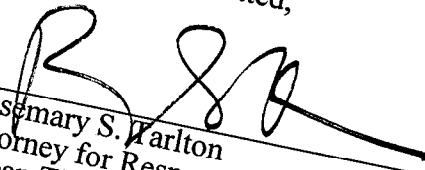
The findings that Petitioner's allegations were utterly lacking in merit and that Cheap Tickets was entitled to both profits and sanctions, demonstrate that Petitioner pursued both the Federal Action, the instant cancellation and the opposition proceedings in bad faith. The abuse of process evidenced by Petitioner, coupled with the fact that Cheap Tickets made a timely Section 8 filing with respect to the '844 Registration, warrant a finding that the Board should not now reward Petitioner with entry of judgment in its favor on any basis.

For the foregoing reasons, Cheap Tickets believes it has established good and sufficient cause to request the Board not enter judgment against Cheap Tickets in these cancellation proceedings based on the Section 8 cancellation of the '844 Registration.⁵

Dated: May 10, 2004

Respectfully submitted,

By:


Rosemary S. Marlton
Attorney for Respondent
Cheap Tickets, Inc.

Morrison & Foerster LLP
425 Market Street
San Francisco, California 94105-2482
Telephone: (415) 268-6810
Facsimile: (415) 268-7522

⁵ Petitioner has filed a notice of appeal in the Federal Action. As such, Cheap Tickets does not, at this time, seek dismissal of these proceedings in light of the findings in the March 29 Order and Judgment entered in the Federal Action. Cheap Tickets plan to seek such dismissal as soon as the judgment in the Federal Action is final.

PROOF OF SERVICE BY MAIL

I am employed with the law firm of Morrison & Foerster LLP, whose address is 425 Market Street, San Francisco, California, 94105; I am not a party to the within cause; I am over the age of eighteen years and I am readily familiar with Morrison & Foerster's practice for collection and processing of correspondence for mailing with the United States Postal Service and know that in the ordinary course of Morrison & Foerster's business practice the document(s) described below will be deposited with the United States Postal Service on the same date that it is placed at Morrison & Foerster with postage thereon fully prepaid for collection and mailing.

I further declare that on the date hereof I served a copy of:

**RESPONSE TO ORDER TO SHOW CAUSE;
DECLARATION OF SUSAN L. CRANE IN SUPPORT OF RESPONSE TO
ORDER TO SHOW CAUSE**

on the following by placing a true copy thereof enclosed in a sealed envelope addressed as follows for collection and mailing at Morrison & Foerster LLP, 425 Market Street, San Francisco, California, 94105:

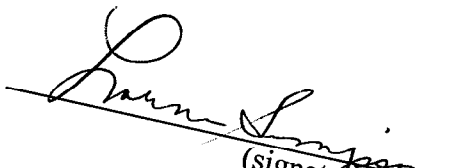
Thomas A. O'Rourke, Esq.
Bodner & O'Rourke, LLP
425 Broadhollow Road
Suite 108
Melville, NY 11747

Wyatt, Gerber & O'Rourke, LLP
99 Park Avenue
New York, NY 10016

I declare under penalty of perjury under the laws of the State of California that the above is true and correct.

Executed at San Francisco, California, this 10 th day of May, 2004.

Lorna Simpson
(typed)


(signature)

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE
BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD

INTERNATIONAL CONSULTING SERVICES, LTD.
d/b/a ICS TRAVEL

Petitioner,

v.

CHEAP TICKETS, INC.

Respondent.

Cancellation No.: 92032311

Consolidated with Opposition
No. 91124251

CERTIFICATE OF MAILING BY EXPRESS MAIL

BOX TTAB NO FEE
Commissioner for Trademarks
2900 Crystal Drive
Arlington, VA 22202-3514

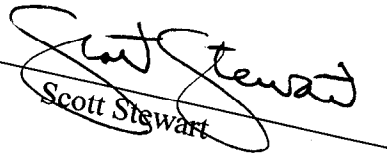
Dear Sir/Madam:

Express Mail Label No.: EV147504919US
Date of Deposit: May 10, 2004

I hereby certify that the attached Response to Order to Show Cause; Declaration of Susan S. Crane in Support of Response to Order to Show Cause; Revocation of Power of Attorney and Power of Attorney Under 37 C.F.R. § 2.11 (in duplicate); Proof of Service by First Class Mail and receipt verification postcard are being deposited with the United States Postal Service Express Mail delivery as "Express Mail Post Office to Addressee" service under 37 C.F.R. § 1.10 on the date indicated above, and is addressed to: BOX TTAB NO FEE, Commissioner for Trademarks, 2900 Crystal Drive, Arlington, VA 22202-3514.

Respectfully submitted,

By:


Scott Stewart

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE
BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD

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LTD. d/b/a ICS TRAVEL

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CHEAP TICKETS, INC.

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No. 91124251



05-10-2004

U.S. Patent & TMO/c/TM Mail Rcpt Dt. #22

**DECLARATION OF SUSAN L. CRANE IN SUPPORT
OF RESPONSE TO ORDER TO SHOW CAUSE**

Box TTAB NO FEE
Commissioner for Trademarks
2900 Crystal Drive
Arlington, VA 22202-3513

1. I, Susan L. Crane, declare that I am Vice President of Cedant Corporation, which acquired Respondent Cheap Tickets, Inc. ("Cheap Tickets"). I am authorized to make this declaration on behalf of Cheap Tickets.

2. I oversee all work performed by our counsel in connection with Cheap Tickets' trademark property rights, including the rights of the CHEAP TICKETS, INC. and Design mark identified in Registration No. 2,021,844, and involved in the aforementioned cancellation proceedings ("844 Registration").

3. On December 12, 2002, Cheap Tickets filed a Section 8 Affidavit of Continued Use for the '844 Registration. Attached as Exhibit A is a true and correct copy of the Section 8 filing for the '844 Registration. The USPTO confirmed receipt of this filing and noted its receipt on the TEAS system. Attached as Exhibit B is a true and correct copy of the USPTO website records showing this notation. The Section 8 Affidavit filed in connection with the '844 Registration erroneously referenced U.S. Registration No. 2,021,749. As soon as this error was

detected, my office contacted the Post Registration Branch of the USPTO and confirmed that it could be corrected with a written submission clarifying and correcting the erroneous reference. We made that submission on December 18, 2003. Attached as Exhibit C is a true and correct copy of the letter submitted to make the requisite correction with respect to the Section 8 filing for the '844 Registration.

4. To date, Cheap Tickets has not received any communication from the USPTO concerning the Section 8 Affidavit filed in connection with the '844 Registration. Cheap Tickets first learned of the cancellation of the '844 Registration when it received the Order to Show Cause in this action. Cheap Tickets will seek to remedy the erroneous cancellation through a Petition to the Commissioner.

5. Petitioner International Consulting Services, Ltd. ("Petitioner") sought to intimidate Cheap Tickets into allowing ICS to use the virtually identical designations of CHEAP TICKET and CHEAPTICKET.COM in connection with its travel services to profit from Cheap Tickets' success by creating both a likelihood of and actual confusion among consumers. On July 18, 2001, Petitioner sought, with the instant proceeding, to cancel the '844 Registration and Registration No. 2,021,749 ("749 Registration") on grounds the marks were merely descriptive and/or generic. Service of the petition occurred on August 17, 2001.

6. On July 18, 2001, Petitioner initiated a suit in the United States District Court for the Eastern District of New York, Civil Action No. 01-4768 JS, on the same grounds ("Federal Action"). Cheap Tickets filed its answer and counterclaim alleging, among other things, trademark infringement for ICS' use of the CHEAP TICKET designation and CHEAPTICKET.COM domain name.

7. Because Petitioner made the same allegations in the instant cancellation proceeding, the opposition proceeding and Federal Action, Cheap Tickets sought to consolidate and stay both the cancellation and opposition proceedings pending final disposition of the Federal Action. On August 23, 2002, the Board granted Cheap Tickets' motion, and the

proceedings were consolidated and stayed. Attached at Exhibit D is a true and correct copy of the Board's Order.

8. On May 5, 2003, both Petitioner and Cheap Tickets filed motions for summary judgment in the Federal Action which would dispose of all issues raised. In light of the complete lack of merit on the part of Petitioner's allegations, Cheap Tickets prevailed on all grounds and was awarded damages and sanctions. Attached at Exhibit E is a true and correct copy of the March 29, 2004 Order Granting Cheap Tickets' Summary Judgment Motion and Denying ICS' Cross Motion for Summary Judgment Motion ("March 29 Order").

9. Judgment was thereafter entered on April 9, 2004, in favor of Cheap Tickets and against Petitioner ("Judgment"). Attached at Exhibit F is a true and correct copy of the Judgment.

All statements made herein of my own knowledge are true and that all statements made on information and belief are believed to be true; and further, that these statements are made with the knowledge that willful, false statements and the like so made are punishable by fine or imprisonment or both, under section 1001 of Title 18 of the United States Code and that such willful false statements may jeopardize the validity of any registration granted on the above application.

5/10/04
Date

Susan Crane
Signature

973-496-5139
Telephone No.

Susan Crane, Vice President
Cendant Corporation

EXHIBIT A

Success!

2021844

We have received your Trademark Declaration of Use of Mark Under Section 8 for registration number ~~2021749~~. We will send an Email message to 'brenda.pope@cendant.com'. However, since e-mail is not always reliable, please print out and save this notice. Thank you.

TEAS support team

Thu Dec 12 14:36:09 EST 2002

STAMP: USPTO/SECT08-204152142202-20021212143609038004-2021749-200f9658a67d7e07a5c353dcd899a4373d-RAM-728-20021212142007551009



Trademark Electronic Application System (TEAS) service
U.S. Patent and Trademark Office
PrintTEAS@uspto.gov

Pope, Brenda

From: PrinTEAS@uspto.gov
Sent: Thursday, December 12, 2002 2:36 PM
To: brenda.pope@cendant.com
Cc: teas@uspto.gov; e-receipt@teas1.uspto.gov
Subject: Received Your Trademark Declaration of Use of Mark Under Section 8

<MARK> CHEAP TICKETS INC.

We have received your Declaration of Use of Mark Under Section 8 for registration number '2021749'. A summary of your submission is listed below. If you determine that you made an error in the information you entered, DO NOT request via e-mail that we correct your filing. The TEAS staff cannot make any changes. You may file an amendment IMMEDIATELY (if still within the statutory period), via a hard paper copy, not electronically, listing your mark and registration number, and stating your proposed correction, to the following address:

BOX Post Reg
Assistant Commissioner for Trademarks
2900 Crystal Drive
Arlington, VA 22202

To avoid lateness due to mail delay, it is recommended that you include the following CERTIFICATE OF MAILING language as part of your submission:

I certify that the foregoing is being deposited with the United States Postal Service as first class mail, postage prepaid, in an envelope addressed to the Assistant Commissioner for Trademarks, 2900 Crystal Drive, Arlington, VA 22202-3513, on:

Date of Deposit _____
Signature _____
Name _____

REGISTRATION NUMBER: 2021749

REGISTRATION DATE: 12/10/1996

*** Applicant Information**

The owner, Cheap Tickets Incorporated, residing at 1 Sylvan Way Parsippany NJ US 07054, is using the mark in commerce on or in connection with the goods and/or services as follows:

*** Classification and Listing of Goods/Services:**

For International Class 039, the owner is using the mark in commerce on or in connection with all goods and/or services listed in the existing registration, as evidenced by the attached specimen(s) showing the mark as used in commerce.

The owner is submitting one specimen for each class showing the mark as used in commerce on or in connection with any item in the class of listed goods and/or services, consisting of a(n) shot from webpage.

***Correspondence Information**

The applicant, hereby appoints Susan L. Crane and Kathryn Geib, Joel Buckberg of Cendant Corporation, One Sylvan Way Parsippany NJ USA 07054 to submit this application on behalf of the applicant.

*** Fees**

A fee payment in the amount of \$100 will be submitted with the form, representing payment for 1 class(es), plus any additional grace period fee, if necessary.

* Declaration Signature

Signature:/vincent ventura/ Date: 12/12/2002

Signatory's Name: Vincent Ventura

Signatory's Position: Senior Vice President

=====

=====TEAS XML SUBMISSION=====

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TEAS support team
Thu Dec 12 14:36:09 EST 2002

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PTO Form 1583 (Rev 4/2000)
OMB Control #0651-0009 (Exp. 08/31/2004)

Declaration of Use of Mark in Commerce Under Section 8

The table below presents the data as entered.

| Input Field | Entered |
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| MARK | CHEAP TICKETS INC. |
| REGISTRATION NUMBER | 2021749 |
| REGISTRATION DATE | 12/10/1996 |
| OWNER NAME | Cheap Tickets Incorporated |
| OWNER STREET | 1 Sylvan Way |
| OWNER CITY | Parsippany |
| OWNER STATE | NJ |
| OWNER POSTAL CODE | 07054 |
| OWNER COUNTRY | US |
| ATTORNEY NAME | Susan L. Crane |
| ATTORNEY FIRM NAME | Cendant Corporation |
| ATTORNEY STREET | One Sylvan Way |
| ATTORNEY CITY | Parsippany |
| ATTORNEY STATE | NJ |
| ATTORNEY POSTAL CODE | 07054 |
| ATTORNEY COUNTRY | USA |
| ATTORNEY PHONE | 973-496-5139 |
| ATTORNEY FAX | 973-496-4624 |
| ATTORNEY EMAIL | susan.crane@cedant.com |
| ATTORNEY AUTHORIZED TO COMMUNICATE VIA E-MAIL | Yes |
| OTHER APPOINTED ATTORNEY(S) | Kathryn Geib, Joel Buckberg |
| SERIAL NUMBER | 74683869 |
| CLASS CODE | 039 |

| | |
|-------------------------------------|---|
| KEEP EXISTING GOODS AND/OR SERVICES | YES |
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| SPECIMEN | shot from webpage |
| SIGNATORY NAME | Vincent Ventura |
| SIGNATORY POSITION | Senior Vice President |
| NUMBER OF CLASSES | 1 |
| NUMBER OF CLASSES PAID | 1 |
| SUBTOTAL AMOUNT | 100 |
| TOTAL AMOUNT | 100 |

PTO Form 1583 (Rev 4/2000)

OMB Control #0651-0009 (Exp. 08/31/2004)

Declaration of Use of Mark in Commerce Under Section 8

Registration Number: 2021749

Specimen : 204152142202-12142007903-CHEAP_TICKETS_INC_SPECIMEN_(2021749).jpg

Cheap Tickets flights, hotels, cars, cruises, last minute trips 1 800 922 8849 - Microsoft Internet Explorer proxy

http://www.cheaptickets.com/us/cheaptickets/home/index_01.xsl

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Flights

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Going To: [] Return Date: Jan 9 Time: Anytime

Number of Stops: No Pref: [] Adults: 1 [More Search Options](#) **SEARCH**

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- Orlando vacations, from \$269
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[Go Back](#)

EXHIBIT B

Thank you for your request. Here are the latest results from the TARR web server.

This page was generated by the TARR system on 2004-05-07 14:45:06 ET

Serial Number: 74713960 Assignment Information

Registration Number: 2021844 Assignment Information

Mark



(words only): CHEAP TICKETS INC.

Standard Character claim: No

Current Status: Registration canceled under Section 8.

Date of Status: 2003-09-13

Filing Date: 1995-08-10

Transformed into a National Application: No

Registration Date: 1996-12-10

Register: Principal

Law Office Assigned: LAW OFFICE 105

If you are the applicant or applicant's attorney and have questions about this file, please contact the Trademark Assistance Center at TrademarkAssistanceCenter@uspto.gov

Current Location: 900 -Warehouse (Newington)

Date In Location: 2001-08-08

LAST APPLICANT(S)/OWNER(S) OF RECORD

1. Cheap Tickets Incorporated

Address:

Cheap Tickets Incorporated
1695 Kapiolani Boulevard

Honolulu, HI 96814

United States

Legal Entity Type: Corporation

State or Country of Incorporation: Hawaii

GOODS AND/OR SERVICES

travel agency services, namely, arranging travel packages; making reservations and bookings for transportation; travel booking agencies; and travel information services

International Class: 039

First Use Date: 1995-06-04

First Use in Commerce Date: 1995-06-04

Basis: 1(a)

ADDITIONAL INFORMATION

Disclaimer: "INC."

Section 2(f): as to "CHEAP TICKETS"

MADRID PROTOCOL INFORMATION

(NOT AVAILABLE)

PROSECUTION HISTORY

2003-09-13 - Canceled Section 8 (6-year)

2002-12-12 - TEAS Section 8 Received

2001-08-17 - Cancellation instituted for Proceeding

1996-12-10 - Registered - Principal Register

1996-09-17 - Published for opposition

1996-08-16 - Notice of publication

1996-07-17 - Approved for Pub - Principal Register (Initial exam)

1996-06-28 - Examiner's amendment mailed

1996-05-17 - Communication received from applicant

1996-02-01 - Case file assigned to examining attorney

1995-11-17 - Non-final action mailed

1995-11-09 - Case file assigned to examining attorney

CONTACT INFORMATION

Correspondent (Owner)

Mark J. Nielsen (Attorney of record)

Mark J. Nielsen
12351 Lake City Way N.E., Suite 203
Seattle, WA 98125

EXHIBIT C



December 18, 2002

VIA FACSIMILE 703-746-3200

POST - REG
Commissioner of Trademarks
2900 Crystal Avenue
Arlington, VA 22202-3513

Attn: Keara Lance - Post Registration Branch

Re: Registration No 2,021,844
Mark: CHEAP TICKETS, INC.

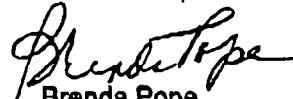
Dear Ms. Lance:

This shall confirm our conversation wherein I advised your office that the wrong Declaration of Use was electronically filed for the above-referenced mark on December 12th. The Declaration of Use was inadvertently filed under Registration No. 2,021,749 but should have been filed under Registration No. 2,021,844. You will note fees were deducted out of Deposit Account No. 501291, for the same registration.

If you have any questions, please do not hesitate to contact me.

Thank you for your assistance in this matter.

Sincerely,


Brenda Pope
Senior Paralegal

CERTIFICATE OF TRANSMISSION

I hereby certify that this correspondence is being facsimile transmitted to the Patent and Trademark Office on December 18, 2002.


Brenda Pope

131648





December 18, 2002

VIA FACSIMILE 703-746-3200

POST - REG
Commissioner of Trademarks
2900 Crystal Avenue
Arlington, VA 22202-3513

Attn: Keara Lance - Post Registration Branch

Re: Registration No 2,021,844
Mark: CHEAP TICKETS, INC.

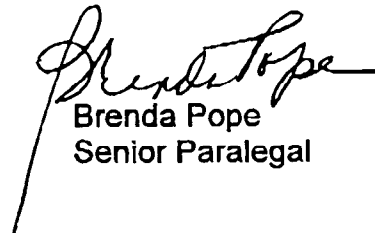
Dear Ms. Lance:

This shall confirm our conversation wherein I advised your office that the wrong Declaration of Use was electronically filed for the above-referenced mark on December 12th. The Declaration of Use was inadvertently filed under Registration No. 2,021,749 but **should have been filed under Registration No. 2,021,844.** You will note fees were deducted out of Deposit Account No. 501291, for the same registration.

If you have any questions, please do not hesitate to contact me.

Thank you for your assistance in this matter.

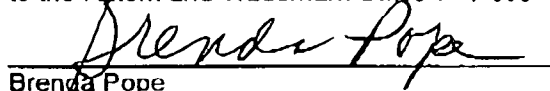
Sincerely,



Brenda Pope
Senior Paralegal

CERTIFICATE OF TRANSMISSION

I hereby certify that this correspondence is being facsimile transmitted to the Patent and Trademark Office on December 18, 2002.



Brenda Pope

131046



TO: Auto-reply fax to 1 973 496 5331 COMPANY:

Auto-Reply Facsimile Transmission



UNITED STATES
PATENT AND
TRADEMARK OFFICE

TO:

Fax Sender at 1 973 496 5331

Fax Information

Date Received:

Total Pages:

12/18/02 2:32:02 PM (Eastern Standard Time)


1 (including cover page)

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DEC 18 2002 14:27 PR CENDANT CORP 1 973 496 5331 TO 91TOST483260 P.01/01

Legal Requirements
Compliance Letter

 **CENDANT**

December 18, 2002

VIA FACSIMILE 703-744-3200

POST - REG
Commissioner of Trademarks
2500 Crystal Avenue
Arlington, VA 22202-3613

Attn: Keene Lance - Post Registration Branch


Re: Registration No. 2,021,844
Mark: CHEAP TICKETS, INC.

Dear Ms. Lance:

This shall confirm our conversation wherein I advised your office that the wrong Declaration of Use was electronically filed for the above-referenced mark on December 12th. The Declaration of Use was inadvertently filed under Registration No. 2,021,748 but should have been filed under Registration No. 2,021,844. You will note fees were deducted out of Deposit Account No. 501281 for the same registration.

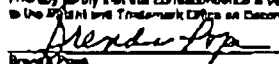
If you have any questions, please do not hesitate to contact me.


Thank you for your assistance in this matter.

Sincerely,

Brenda Pope
Senior Paralegal

CERTIFICATE OF TRANSMISSION

I hereby certify that this correspondence is being facsimile transmitted to the Patent and Trademark Office on December 18, 2002.


Brenda Pope
-2140



Received from (1 973 496 5331) at (12/18/02 2:32:02 PM Eastern Standard Time) P.01/01

PS TOTAL PAGES: 01

EXHIBIT D

UNITED STATES PATENT AND TRADEMARK OFFICE
Trademark Trial and Appeal Board
2900 Crystal Drive
Arlington, Virginia 22202-3513

Mailed: August 23, 2002

Opposition No. 91124251
Cancellation No. 32,311

INTERNATIONAL CONSULTING
SERVICES, LTD D/B/A ICS TRAVEL

v.

CHEAP TICKETS, INCORPORATED

Nancy L. Omelko, Interlocutory Attorney:

On May 1, 2002, applicant/respondent filed a motion to consolidate the two proceedings referenced above and to suspend for pending civil action.

It is the view of the Board that consolidation is appropriate inasmuch as the parties are the same and the two proceedings involve common questions of fact.

Applicant/respondent motion to consolidate is hereby granted. Accordingly, Opposition No. 124,251 and Cancellation No. 32,311 are hereby consolidated.

The consolidated cases may be presented on the same record and briefs. See *Helene Curtis Industries Inc. v. Suave Shoe Corp.*, 13USPQ2d 1618 (TTAB 1989). As a general rule, from this point on only a single copy of any paper or motion should be filed herein; but that copy should bear all proceeding numbers in its caption. Exceptions to the

general rule involve stipulated extensions of the discovery and trial dates, see Trademark Rule 2.121(d), and briefs on the case, see Trademark Rule 2.128.

The motion to suspend the proceeding pending final determination of a civil action between the parties is hereby granted as well taken.¹ It is the policy of the Board to suspend proceedings when the parties are involved in a civil action which may be dispositive of or have a bearing on the Board case. See Trademark Rule 2.117(a).

Accordingly, proceedings are suspended pending final disposition of the civil action between the parties.

Within twenty days after the final determination of the civil action, the interested party should notify the Board so that this case may be called up for appropriate action. During the suspension period the Board should be notified of any address changes for the parties or their attorneys.

¹ Defendant's consented motion (filed July 8, 2002) to extend discovery and testimony dates is moot.

EXHIBIT E

Doc. 7.

FILED
U.S. DISTRICT COURT
EASTERN DISTRICT OF NEW YORK

★ MAR 29 2004 ★

3/29/04
LONG ISLAND OFFICE

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF NEW YORK

-----X
INTERNATIONAL CONSULTING SERVICES,
LTD, d/b/a ICS TRAVEL,

Plaintiff,

against -

CHEAP TICKETS, INC.,

Defendant.
-----X

MEMORANDUM AND ORDER
01-CV-4768 (JS) (MLO)

Appearances:

For Plaintiff:

Thomas A. O'Rourke, Esq.
Bodner & O'Rourke
425 Broadhollow Road
Suite 108
Melville, New York 11747

For Defendant:

Jamie A. Levitt, Esq.
Morrison & Foerster, LLP
1290 Avenue of the Americas
New York, New York 10104

SEYBERT, District Judge:

Pending before the Court is a motion brought by Defendant, Cheap Tickets, Inc. ("Defendant" or "Cheap Tickets"), seeking summary judgment pursuant to Rule 56 of the Federal Rules of Civil Procedure. Defendant seeks summary judgment on its trademark infringement, unfair competition, and cybersquatting claims against the Plaintiff, International Consulting Services, Ltd., d/b/a ICS Travel ("Plaintiff" or "ICS"). In addition, Defendant also moves for sanctions pursuant to Rule 37 of the Federal Rules of Civil Procedure for Plaintiff's loss of e-mail communications and business records. Also, pending before this Court is ICS' motion for summary judgment motion asserting that the

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trademark of Cheap Tickets is a generic term and, therefore, not a valid trademark. As discussed below, this Court finds that, as a matter of law, Defendant's summary judgment motion as to Plaintiff's trademark infringement, unfair competition, and cybersquatting claims is GRANTED. In addition, Defendant's motion for sanctions is GRANTED. Plaintiff's motion for summary judgment asserting that Defendant's trademark is a generic term and not a valid trademark is DENIED.

BACKGROUND

The following facts are taken primarily from the parties' Rule 56.1 Statements and Counter Statements and amendments thereto. This case arises out of a dispute regarding the use of the name Cheap Ticket(s) and was instituted by Plaintiff who requested that this Court declare the Defendant's trademarks invalid. Defendant counter-claimed alleging that Plaintiff had used their trademarks by and through the Cheapticket.com domain name.

On August 20, 1986, Cheap Tickets was incorporated in Hawaii and was, and still is, in the business of selling discounted travel related goods and services. Def.'s Stmt. ¶¶ 3-4. Since 1986, Cheap Tickets has continuously used several service marks in its business and spent millions of dollars advertising these service marks. Def.'s Stmt. ¶¶ 6-12. The term Cheap Ticket(s) has been used in a variety of contexts for over 100 years. Pl.'s Stmt. ¶ 1. More recently, the term has been used by newspapers,

magazines, websites, television program and at least one book.

Pl.'s Stmt. ¶¶ 2-13.

Cheap Tickets has sought to protect thier trademarks by filing applications in the United States Patent and Trademark Office ("USPTO"). On December 10, 1996, after examination, the USPTO accepted an application for registration of the mark "Cheap Tickets Inc." when used in connection with travel agency services. Def.'s Stmt. ¶¶ 15-22. After filing the instant action, ICS petitioned the USPTO to cancel this mark in August 2001. Def.'s Stmt. ¶ 23. Similarly, the USPTO also accepted an application for registration of the mark "Cheap Tickets Inc." when used in connection with the company's logo and design. After Cheap Tickets supplied the USPTO with information regarding the distinctiveness of the mark pursuant to Section 2(F) of the Trademark Act, the trademark was accepted for registration. Def.'s Stmt. ¶ 25. On September 11, 2001, the USPTO published both service marks for opposition. Def.'s Stmt. ¶ 37. The applications for registration of the marks were accepted by the USPTO on December 4, 2001 and April 2, 2002. Id.

Cheap Tickets submitted applications to the USPTO for the marks "Cheaptickets" and "Cheaptickets.com." Def.'s Stmt. ¶¶ 38-49. With regard to "Cheaptickets," the USPTO stated that the application appears to be entitled to registration and published it for opposition. The USPTO also published this mark for opposition.

Def.'s Stmt. ¶ 49. Also, the USPTO registered the "cheaptickets.com" service mark. Def.'s Stmt. ¶ 213. Cheap Tickets has been using the domain name Cheaptickets.com since October 3, 1997. Def.'s Stmt. ¶ 54. Cheap Tickets has experienced tremendous growth in the usage of their website. Def.'s Stmt. ¶¶ 55-63.

On several occasions, Cheap Tickets has utilized the legal system against other companies who have attempted to utilize their marks. Def.'s Stmt. ¶¶ 64-75. These actions caused Mr. Cheap's Travel, Ltd. to abandon a trademark application, All World Travel and Trade to transfer a domain name to Cheap Tickets, and Fair Deal Travel to be permanently enjoined from using Cheap Tickets' mark and they were ordered to pay approximately \$20,000 in damages. Def.'s Stmt. ¶¶ 66, 70-71, 75. In addition, Cheap Tickets has sent cease and desist letters to other companies which it suspects are infringing its mark. Def.'s Stmt. ¶¶ 76-87. However, there are domain names registered to many companies which may infringe the Cheap Tickets mark that have not been pursued by Cheap Tickets. Pl.'s Stmt. ¶ 75. To prevent other companies from registering these potentially infringing domain names, Cheap Tickets has registered certain domain names for the sole purpose of keeping them out of circulation. Def.'s Stmt. ¶ 88.

ICS is a travel company formed by William Smith ("Smith"). Def.'s Stmt. ¶ 89. During the years 1986 through 2000,

Smith was the sole owner of ICS and the company has lost money for every year except 1998. Def.'s Stmt. ¶¶ 90-93. ICS spent a total of approximately \$208,000 in advertising throughout its existence and spent nothing on advertising between 1998 and 2000. Def.'s Stmt. ¶ 94. ICS advertised on the Internet between 1995 and 1997 using the ICSTravel.com domain name. Def.'s Stmt. ¶ 95. In late 1997, ICS registered the domain name Cheapticket.com which for the first time provided users the ability to purchase online and, thereafter, the ICSTravel.com domain name was shut down. Def.'s Stmt. ¶¶ 96-97. It was at this same time in 1998 that Smith became employed in a different capacity and ceased ICS' business. Def.'s Stmt. ¶ 99. In 2000, ICS, after being dormant for two years, began to engage in webdesign. Def.'s Stmt. ¶ 104. Smith became aware that his domain name Cheapticket.com had become valuable and he considered selling it. Def.'s Stmt. ¶¶ 105-107. In May 2001, Smith again engaged ICS in the travel business utilizing links to other companies and employing himself and his wife. Def.'s Stmt. ¶¶ 110-114.

On December 15, 1999, Cheap Tickets sent a cease and desist letter to ICS. Def.'s Stmt. ¶ 115. In response, ICS' counsel represented that ICS had been the owner of the domain name Cheapticket.com since 1995. Def.'s Stmt. ¶ 116. Cheap Tickets responded to this representation with a letter, dated February 23, 2000, asking whether ICS claimed any rights in any of Cheap

Tickets' marks to which no response was received. Def.'s Stmt. ¶¶ 116-117. On July 10, 2001, when Cheap Tickets again became aware of the operation of Cheapticket.com they sent another cease and desist letter. Def.'s Stmt. ¶ 118. In response to that letter, ICS instituted the instant action attempting to invalidate Cheap Tickets' marks. Id.

Prior to 2001, ICS did not use any terms that were potentially related to Cheap Tickets. Def.'s Stmt. ¶ 119. In documents from 1996 and 1997 obtained from ICS' litigation against Flo.Kiss there was no mention of Cheap Tickets. Def.'s Stmt. ¶ 120. However, soon after the launch of the Cheapticket.com website, ICS began to advertise itself as the "official site" having been in business since 1986. Def.'s Stmt. ¶¶ 121-125. ICS paid for listing cheap tickets in various search engines and in fact paid extra to have a listing of cheap tickets using the compound word cheaptickets. Def.'s Stmt. ¶¶ 126-135.

ICS' cheapticket.com website prevents communications from customers via telephone or e-mail. Def.'s Stmt. ¶ 137. The cheapticket.com website does not contain a disclaimer that it is not related to the cheaptickets.com website. On at least nine occasions, Cheap Tickets had been informed by consumers that they had done business with ICS and mistakenly believed that it was Cheap Tickets. Def.'s Stmt. ¶¶ 139-147.

As stated above, ICS' travel business hardly flourished

From 1986 until 2001. Def.'s Stmt. ¶ 148. In 2002, however, ICS became very successful and was named one of Travelnow.com's top producers and was offered a deal with Cheapairlines.com for \$50,000 per month. Def.'s Stmt. ¶¶ 149-150. During this litigation, Cheap Tickets sent a cease and desist letter to Cheapairlines.com, copying ICS on the communication, alerting them to the marks of Cheap Tickets. Def.'s Stmt. ¶¶ 163-166. Cheap Tickets expressed concern that a \$30.00 per ticket fee was exorbitant and was illegally concealed on their website and causing consumers to believe that Cheap Tickets was charging a fee which they were not. Def.'s Stmt. ¶¶ 167-168. Cheap Tickets has documented at least twenty instances of being contacted because of the \$30.00 per ticket fee. Def.'s Stmt. ¶¶ 180-199. These calls complaining about the fees are disruptive to the business of Cheap Tickets. Def.'s Stmt. ¶¶ 171-177.

Smith never heard of Cheap Tickets prior to his receipt of the cease and desist letter on December 15, 1999, despite Cheap Tickets receiving extensive press coverage since 1992. Def.'s Stmt. ¶ 151. Smith has between 25 and 75 registered domain names which include names which could infringe other registered trademarks. Def.'s Stmt. ¶ 152. When Smith registered his Cheapticket.com domain name he did so under a nonexistent entity.

Cheap Tickets did not at that time charge a service fee, but now has instituted a \$5.00 per reservation fee. Def.'s June 25, 2003, Letter.

Def.'s Stmt. ¶ 153.

On June 18, 2002, after the commencement of the instant action and after being served a discovery demand from Cheap Tickets, Smith and his wife prepared documents in response to a discovery demand in the ICS v. Kiss action. Def.'s Stmt. ¶ 154. They worked at their counsel's office and did not have time to use the copy machine and, therefore, produced the original documents which are now lost. Def.'s Stmt. ¶¶ 155-156. Smith stated at his deposition that these documents were relevant to the instant action and that he knew at that time about the pending document request from Cheap Tickets. Def.'s Stmt. ¶¶ 157-158. Due to this loss, ICS' case was dismissed against Defendant Kiss and Judge Austin used strong language admonishing ICS' behavior. Def.'s Stmt. ¶ 160. In addition, after ICS' commencement of this action, Smith allowed e-mails to be deleted from his AOL e-mail account and did not make other efforts to retain electronic business records. Def.'s Stmt. ¶¶ 161-162.

DISCUSSION

A district court may properly grant summary judgment only "if the pleadings, depositions, answers to interrogatories, and admissions on file, together with the affidavits, if any, show that there is no genuine issue as to any material fact and that the moving party is entitled to judgment as a matter of law." Fed. R. Civ. P. 56(c). The burden of proof is on the moving party to show

that there is no genuine issue of material fact, Gallo v. Prudential Residential Servs., L.P., 22 F.3d 1219, 1223 (2d Cir. 1994) (citing Heyman v. Commerce & Indus. Ins. Co., 524 F.2d 1317, 1320 (2d Cir. 1975)), and "all ambiguities must be resolved and all inferences drawn in favor of the party against whom summary judgment is sought." Id. (citing Eastway Constr. Corp. v. City of New York, 762 F.2d 243, 249 (2d Cir. 1985)); see also Hayes v. New York City Dept. of Corr., 84 F.3d 614, 619 (2d Cir. 1996). "Factual disputes that are irrelevant or unnecessary will not be counted." Anderson v. Liberty Lobby, Inc., 477 U.S. 242, 247, 106 S. Ct. 2505, 91 L. Ed. 2d 202 (1986) (citing 10A Charles A. Wright, Arthur R. Miller, & Mary Kay Kane, Federal Practice and Procedure § 2725, at 93-95 (1983)).

A party opposing a motion for summary judgment "may not rest upon the mere allegations or denials of his pleading, but must set forth specific facts showing that there is a genuine issue for trial." Anderson, 477 U.S. at 248 (quoting First Nat'l Bank v. Cities Serv. Co., 391 U.S. 253, 288-8988, S. Ct. 1575, 204 L. Ed. 2d 569 (1968)). Under the law of the Second Circuit, "when no rational jury could find in favor of the nonmoving party because the evidence is so slight, there is no genuine issue of material fact and a grant of summary judgment is proper." Gallo, 22 F.3d at 1224 (citing Dister v. Continental Group, Inc., 859 F.2d 1108, 1114 (2d Cir. 1988)). Mere conclusory

allegations, speculation or conjecture will not avail a party opposing summary judgment. See Kulak v. City of New York, 88 F.3d 63, 71 (2d Cir. 1996). It is within this framework that the Court addresses the present summary judgment motion.

ANALYSIS

The pending summary judgment motions both revolve around the same issue. That issue is whether Cheap Tickets has a valid trademark or whether it is a generic term which cannot be properly subject to trademark protection. This Court finds that, as a matter of law, the marks of Cheap Tickets are not generic terms, but rather are descriptive or suggestive terms. Therefore, the marks are valid and can be protected. ICS has willfully positioned itself to take advantage of the marks of Cheap Tickets and has been advantaged by the wrongful position.

TRADEMARK INFRINGEMENT AND UNFAIR COMPETITION

The Second Circuit has held that in order to successfully bring a trademark infringement and unfair competition action, the mark holder must establish that its marks are protectable and that another entity is using those marks and thereby confusing the public. See Nabisco, Inc. v. Warner-Lambert Co., 220 F.3d 43, 45 (2d Cir. 2000). The distinctiveness of a mark is presumed when it is registered with the USPTO. See Lois Sportswear, USA, Inc. v. Levi Strauss & Co., 799 F.2d 867, 871 (2d Cir. 1986). In addition, the USPTO's registration of the mark creates a presumption that the

mark has secondary meaning. See Arrow Fastener Co. v. Stanley Works, 59 F.3d 384, 393 (2d Cir. 1995). As a starting point, this Court notes that ICS has not presented the quality, nor the quantity, of evidence which is necessary to rebut these presumptions. The burden is upon ICS to come forward with evidence to rebut the validity of Cheap Tickets' registered marks. See Lane Capital Management, Inc. v. Lane Capital Management, Inc., 192 F.3d 337, 345 (2d Cir. 1999).

Cheap Tickets' service marks are not generic, but rather are descriptive or suggestive. In Abercrombie & Fitch Co. v. Hunting World, Inc., 537 F.2d 4, 9-11 (2d Cir. 1976), Judge Friendly of the Second Circuit held that a mark is suggestive if "it requires imagination, thought and perception to reach a conclusion as to the nature of goods." The Judge continued that a mark is descriptive when "it forthwith conveys an immediate idea of the ingredients, qualities or characteristics of the goods." Id. This Court believes that Cheap Tickets' marks do not, in and of themselves, indicate that Cheap Tickets sells travel services. Rather, as Cheap Tickets argues, a consumer could reasonably believe that the marks relate to concert tickets, traffic tickets, or voting tickets. Thus, the terms are only suggestive of the type of services that Cheap Tickets provides.

ICS has provided a plethora of evidence attempting to demonstrate that the Cheap Tickets' marks are generic terms.

Therefore, it is ICS' position that Cheap Tickets marks can not be valid. This Court agrees with ICS' recitation of the law but holds that Cheap Tickets' marks are not generic. In support of their position, and summary judgment motion, ICS provides literally hundreds of examples of the use of the separate words cheap and ticket(s). In addition, their argument is multifaceted and includes that the separate words cheap and tickets have been used for over 100 years; the use of these words has continued unabated, other competitors use the separate words cheap and ticket, Cheap Tickets has used the words cheap and ticket separately, other companies have refused to cease and desist from using the words separately, and the words appear separately in a dictionary and the title of a book. There is a major distinction between ICS' arguments and the type of conduct that ICS has engaged in. ICS does not use cheap and ticket(s) separately. Rather, ICS unexplainedly uses cheapticket.com as the domain name for its business instead of the domain name ICSTravel.com which it had originally used.

The Court has reviewed the voluminous exhibits which ICS submitted with its original motion and with the first and second motions to supplement. After reviewing all of materials which have been submitted, this Court cannot find that cheapticket is a generic term. ICS makes many arguments which all involve the exhibits and how they support a finding that the term is generic.

The Court is not convinced by any of the arguments that ICS makes with regard to Cheap Tickets' marks being generic.

In addition, this Court finds that there is likely to be confusion regarding the use of Cheap Tickets' marks. The TCPIP Holding case, wherein the Second Circuit affirmed the entry of a preliminary injunction, is particularly persuasive. See TCPIP Holding Co. v. Haar Communications, Inc., 244 F.3d 88, 100-2 (2d Cir. 2001). That case, as in this case, involved the use of domain names among competitors. The Second Circuit was particularly concerned that consumers would be confused by domain names that were very similar and, in some instances, the only difference being a plural word form or ".net" instead of ".com." Id. The instant case is no different. ICS is using Cheap Tickets' domain name in the singular form and this is likely to cause confusion. Moreover, affidavits have been presented to this Court which show that damaging confusion has already occurred.

This Court also finds that Cheap Tickets' marks have achieved secondary meaning. In determining whether secondary meaning has been achieved, Courts in this circuit utilize factors including, "(1) advertising expenditures, (2) consumer studies linking the mark to a source, (3) unsolicited media coverage of the product, (4) sales success, (5) attempts to plagiarize the mark, and, (6) length and exclusivity of the mark's use." Centaur Communications, Ltd. v. A/S/M Communications, Inc., 830 F.2d 1217,

222 (2d Cir. 1987). All of these factors need not be proved, and no single factor is determinative. Id.

It is undisputed in this action that Cheap Tickets has spent vast sums of money advertising its services. Based on this advertising, Cheap Tickets has had great commercial success and has sold billions of dollars of travel service. This factor weighs heavily in favor of finding secondary meaning. Cheap Tickets has also received unsolicited media coverage in television and publications. The company has even been mentioned during a Senate hearing of Internet sales.² This factor also weighs in favor of finding secondary meaning. A study conducted in 2000 showing that a substantial segment of consumers were aware that Cheap Tickets sold travel services also weighs in favor of finding secondary meaning. Finally, many companies have attempted to use Cheap Tickets' marks which also weighs in favor of finding secondary meaning."

Having found that marks are distinctive and entitled to protection, this Court must now consider whether ICS' acts are likely to cause confusion. The first observation this Court makes is that confusion has already occurred as presented to this Court via affidavits. However, this Court will analyze whether a likelihood of confusion exists using the Polaroid factors. See

² Cheap Tickets was discussed at the Senate Commerce, Science and Transportation Committee's July 20, 2000 hearing on purchasing airline tickets via the Internet.

Polaroid Corp. v. Polaroid Electronics Corp., 287 F.2d 492, 495 (2d Cir. 1961). Those factors are: (1) the strength of the mark, (2) the degree of similarity between the two marks, (3) the competitive proximity of the products, (4) actual confusion, (5) the likelihood the plaintiff will bridge the gap, (6) the defendant's good faith in adopting its mark, (7) the quality of the defendant's products, and, (8) the sophistication of the purchasers. See Mobil Oil Corp. v. Pegasus Petroleum Corp., 818 F.2d 254, 256 (2d Cir. 1987).

Under the first factor, this Court finds that Cheap Tickets has undisputably had tremendous sales and spent vast sums of money on advertising. Their marks have achieved secondary meaning and are, indeed, quite strong. The second factor clearly is established as the marks are virtually identical but for ICS not using the plural form of the term. Courts in this District and Circuit have ruled several times that a change of one letter is not enough to avoid another's mark. See Cline v. 1-888-Plumbing Group, Inc., 146 F. Supp. 2d 351, 366 (S.D.N.Y. 2001); Consolidated Cigar Corp. v. Monte Cristi de Tabacos, 58 F. Supp. 2d 188, 198 (S.D.N.Y. 1999); Wella Corp. v. Wella Graphics, Inc., 874 F. Supp. 54, 56 (E.D.N.Y. 1994). No serious argument can be made that the terms cheapticket and cheaptickets are not similar.

The third Polaroid factor also weighs in favor of finding confusion. Cheap Tickets and ICS offer their services in close proximity to each other via Internet sales. This case presents an

interesting twist to this factor as it does not involve traditional sales. This Court has received no evidence as to where the computer servers hosting the websites are located, but finds that the consumers who are likely to be confused are in proximity to both ICS and Cheap Tickets via the Internet. This finding is based on the nearly identical domain names used by the Plaintiff and the Defendant. The fourth factor, actual confusion, weighs in favor of finding a likelihood of confusion. Cheap Tickets has already documented calls complaining about ICS' services. While the Court has not been overwhelmed with documentation of hundreds of complaints, although they probably exist, the confusion which has been documented most likely is the "visible portion of the iceberg." See Globe-Union Inc. v. Clark, 311 F.2d 819, 822 (Cust. & Pat. App. 1963). This Court also believes that only a part of the consumers have been identified because not all consumers would realize Cheap Tickets was a separate entity and may not call them to complain.

There is no need for this Court to consider the fifth factor as there is no need to bridge a gap since the two companies operate in exactly the same type of business. See Paddington Corp. v. Attiki Importers & Distribs., Inc., 996 F.2d 577 (2d Cir. 1993).

The sixth factor -- whether ICS had bad faith in using Cheap Tickets' marks -- heavily weighs in favor of Cheap Tickets. ICS stopped doing business as a travel agency in early 1998. Then,

After Cheap Tickets had established their marks and heavily invested in advertising, ICS began to do business under the name Cheapticket.com. Perhaps if ICS only used the domain name, and nothing more, this Court would not be able to find bad faith. But ICS did not merely use an almost exact domain name. Rather, ICS used a very similar advertising slogan as Cheap Tickets. This Court cannot tell whether ICS had previously used this advertising slogan as there are no documents nor e-mail from the earlier years of ICS' business. ICS was aware, at the time of its website launch, that Cheap Tickets' website was operating. Despite that admission, ICS did nothing to place a disclaimer on their website that they were not affiliated with Cheap Tickets. Considering the evidence that this Court has been presented with there can be no finding other than ICS acted in bad faith by utilizing Cheapticket.com to conduct their travel business.

This Court also believes that the seventh factor weighs in favor of a likelihood of confusion in that ICS' services are inferior to that of Cheap Tickets. Cheap Tickets provides e-mail addresses and phone numbers for customers to use when utilizing their services. ICS provides no such contact information. In addition, a \$30 per ticket fee is not immediately disclosed on the website, while a \$5 reservation fee is disclosed by Cheap Tickets. There is substantial difference between the companies which weighs in favor of a likelihood of confusion. The last factor also

militates in favor of finding a likelihood of confusion. The consumers who are purchasing the goods that ICS and Cheap Tickets sell on the Internet are no more, and no less, likely than the general public to be misled. See Something Old, Something New, Inc. v. OVC, Inc., 98-CV-7450, 1999 WL 1125063, at *10 (S.D.N.Y. 1999). These ordinary consumers are not overly sophisticated, despite the fact that they are purchasing items on the Internet. This factor weighs in favor of a likelihood of confusion.

Accordingly, this Court finds that summary judgment is appropriate because an evaluation of the Polaroid factors can only lead to finding that ICS' conduct creates a likelihood of confusion with regard to Cheap Tickets' marks. See Cadbury Beverages, Inc. v. Cont Corp., 73 F.3d 474, 478 (2d Cir. 1996).

ANTICYBERSQUATTING CONSUMER PROTECTION ACT

Cheap Tickets also moves for summary judgment on its claim under the Anticybersquatting Consumer Protection Act ("ACPA"). To establish this claim, Cheap Tickets must establish that (1) it has a distinctive or famous mark, (2) ICS' conduct in using Cheapticket.com was identical or confusingly similar to Cheap Tickets' mark, and (3) ICS had a bad faith intent to profit from the mark. See 15 U.S.C. § 1125 (d)(1); Sporty's Farm L.L.C. v. Sportsman's Mkt., Inc., 202 F.3d 489, 496-97 (2d Cir. 2000). As discussed above, there is no doubt that these factors have been established.

With regard to the first factor, this Court finds that Cheap Tickets had a distinctive mark when ICS registered the Cheapticket.com domain name. It is undisputed that the USPTO had already found the Cheap Tickets' marks had acquired secondary meaning and that Cheap Tickets had spent large amounts of money for advertising. In addition, the USPTO found that Cheap Tickets had extensive sales. The second factor is established in that, as previously stated, the sole difference is the use of the singular form by ICS. The third factor is also established, as discussed above in the Polaroid factors, but is further explained at this juncture.

The ACPA lists nine factors which the legislative branch has provided courts to consider in determining whether a party has acted with a bad faith intent.³ This Court is not limited to these

-
- (I) the trademark or other intellectual property rights of the person, if any, in the domain name;
 - (II) the extent to which the domain name consists of the legal name of the person or a name that is otherwise commonly used to identify that person;
 - (III) the person's prior use, if any, of the domain name in connection with the bona fide offering of any goods or services;
 - (IV) the person's bona fide noncommercial or fair use of the mark in a site accessible under the domain name;
 - (V) the person's intent to divert consumers from the mark owner's online location to a site accessible under the domain name that could harm the goodwill represented by the mark, either for commercial gain or with the intent to tarnish or disparage the mark, by creating a likelihood of confusion as to the source, sponsorship, affiliation, or endorsement of the site;
 - (VI) the person's offer to transfer, sell, or otherwise assign the domain name to the mark owner or any third party for financial gain without having used, or having an intent to use, the domain name in the bona fide offering of any goods or

factors and could rest our analysis on our previous finding of bad faith. See 25 U.S.C. § 1125(d)(1)(B)(i). But briefly, ICS has never used Cheap Tickets or Cheap Ticket as its company's name. ICS decided when it reentered the travel business to use Cheapticket.com as a domain name. The first, second, and third factors all militate towards a finding of bad faith. ICS does not use Cheapticket.com in a noncommercial or fair use manner and, therefore, the fourth and fifth factors weigh in favor of a finding of bad faith.

The seventh and eighth factors weigh in favor of bad faith because once ICS became aware of the value of their Cheapticket.com domain name -- a value which can only be explained by the infringement of Cheap Tickets' marks -- Smith admitted that he wanted to sell it. The eighth factor also weighs in favor of bad faith as ICS has registered domain names which may infringe

services, or the person's prior conduct indicating a pattern of such conduct;

(VII) the person's provision of material and misleading false contact information when applying for the registration of the domain name, the person's intentional failure to maintain accurate contact information, or the person's prior conduct indicating a pattern of such conduct;

(VIII) the person's registration or acquisition of multiple domain names which the person knows are identical or confusingly similar to marks of others that are distinctive at the time of registration of such domain names, or dilutive of famous marks of others that are famous at the time of registration of such domain names, without regard to the goods or services of the parties; and

(IX) the extent to which the mark incorporated in the person's domain name registration is or is not distinctive and famous within the meaning of subsection (c)(1) of section 43.

15 U.S.C. § 1125(d)(1)(B)(i).

other business but refuses to produce the domain names to Cheap Tickets. Finally, Cheap Tickets has established their marks in a famous way. The fact that the Senate would use Cheap Tickets during a conference is most telling to this Court as to level of accord Cheap Tickets has achieved.

This Court holds that ICS has violated the ACPA, and as a matter of law, Cheap Tickets' motion for summary judgment is granted.

SANCTIONS

Cheap Tickets has moved for sanctions against ICS pursuant to Rule 37 of the Federal Rules of Civil Procedure. This motion is based on allegations by Cheap Tickets that ICS has allowed the destruction of ICS business-related e-mails and that ICS lost the original copies of their business records. This Court is deeply concerned by the conduct of ICS, particularly their inability to preserve any records from the original travel business. However, this Court does not take sanctions lightly, rather, this Court only issues sanctions for the most egregious violations of discovery. ICS were the ones who initiated this lawsuit and knew, or should have known, that they had a responsibility to protect business records. ICS did not preserve e-mail communications even after this lawsuit was commenced or after receiving warnings from Cheap Tickets. The Court finds that ICS' gross lack of care in maintaining their records after the

initiation of this lawsuit is worthy of sanctions.

The Second Circuit has stated that gross negligence in the destruction of evidence can by itself be enough for the imposition of sanctions. See Residential Funding Corp. v. DeGeorge Fin. Corp., 306 F.3d 99, 101 (2d Cir. 2002). ICS cannot come forward at this point, after allowing e-mail to be deleted, and claim that e-mail communications are unimportant. See Capellupo v. FMC Corp., 126 F.R.D. 545, 551 (D. Minn. 1989). A strong argument could be made that ICS had clear notice upon receipt of the cease and desist letters that nothing relevant to a litigation should be destroyed. But even assuming that the cease and desist letters did not put ICS on notice, ICS itself hired an attorney and brought the instant action. Certainly at that time, ICS subjected itself to a responsibility to maintain all evidence. At the very least, upon receipt of Cheap Tickets' document request, ICS should have made diligent efforts to protect all evidence.

ICS did not make any efforts at all. Allegedly, the e-mail provider has an automatic deletion policy which causes e-mails to be automatically deleted. However, ICS, knowing that it instituted a lawsuit, should have printed out e-mails and taken other reasonable steps to protect these potentially important communications. This is particularly relevant to this action as it involves Internet based companies who frequently communicate via electronic methods. Cheap Tickets will never know for certain what

was contained within those communications.

Further, ICS lost all hard copy business records for their travel business when they produced documents in the ICS v. Kiss matter. This Court is aware that as a sanction, their case was dismissed in that action. While ICS was punished in that action with what is the ultimate penalty, that does not preclude this Court from also penalizing ICS in this action. Though this Court does not dismiss their case on that basis, it does view the previous loss of documents as evidence that ICS should have been more careful with the preservation of e-mail. The loss of the business records infers that ICS has acted grossly negligently in this action.

As a result of the continuous destruction of e-mail, Cheap Tickets was forced to conduct costly third party discovery. This discovery did, in fact, result in e-mails being turned over to Cheap Tickets by the third parties. In other words, this was not a fishing expedition which resulted in no findings. Cheap Tickets went looking for e-mails and actually found them.

This Court, therefore, sanctions ICS by requiring the payment of Cheap Tickets' legal fees and costs in conducting the third party discovery which was necessitated by ICS' grossly negligent loss of e-mails and documents. In addition, ICS will also pay Cheap Tickets for the legal fees and costs associated with making this motion for sanctions.

CONCLUSION

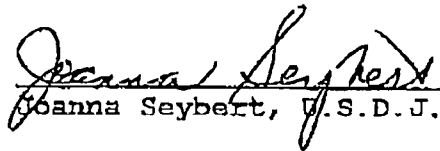
As discussed above, this Court rules as follows with regard to the pending motions:

Defendant's summary judgment motion as to Plaintiff's trademark infringement, unfair competition, and cybersquatting claims is GRANTED.

Defendant's motion for sanctions is GRANTED.

Plaintiff's motion for summary judgment that Defendant's trademark is a generic term and not a valid trademark is DENIED.

SO ORDERED


Joanna Seybert, U.S.D.J.

Dated: Central Islip, New York
March 2nd, 2004

EXHIBIT F

UNITED STATES DISTRICT COURT FOR THE
EASTERN DISTRICT OF NEW YORK

INTERNATIONAL CONSULTING SERVICES,
LTD., d/b/a/ICS Travel

Plaintiff and Counterclaim Defendant,

-against-

CHEAP TICKETS INC.,

Defendant and Counterclaim Plaintiff.

Civil Action No. 01 CV-4768

JUDGMENT PURSUANT TO Fed. R.
Civ. P. 58 (d) **FILED**
IN CLERK'S OFFICE
U.S. DISTRICT COURT E.D.N.Y.

★ APR 09 2004 ★

LONG ISLAND OFFICE

This action came before the Court, the Honorable Joanna Scybert presiding, on motions for summary judgment pursuant to Rule 56 of the Federal Rules of Civil Procedure submitted by both Plaintiff International Consulting Services, Ltd. ("ICS") and Defendant Cheap Tickets Inc. ("Cheap Tickets") and on a motion for sanctions submitted by Cheap Tickets. The issues have been duly considered and a decision was duly rendered by the Court on March 29, 2004 granting summary judgment in favor of Cheap Tickets on all of its counterclaims against ICS, denying Plaintiff's motion for summary judgment that Cheap Tickets' trademark is a generic term, and granting Cheap Tickets' motion for sanctions.

Accordingly, it is ORDERED and ADJUDGED:

1. ICS, and any officers, agents, servants, employees, or attorneys of ICS, and all others in active concert or participation with them (collectively "Defendants"), are permanently enjoined from using the CHEAP TICKET mark or CHEAPTICKET.COM domain name, or any mark or domain name similar to or likely to cause confusion with Cheap Tickets' CHEAP TICKETS, CHEAP TICKETS INC., and CHEAP TICKETS INC. & Design marks in the sale, offering for sale, advertising, or promoting any services or products, including travel services and products at any locality in the United States; from passing Defendant's services off as being associated with Cheap Tickets; from registering the CHEAP TICKET mark; and from committing any other unfair business practices directed toward obtaining for themselves the business and customers of Cheap Tickets;
2. ICS must transfer the CHEAPTICKET.COM domain name to Cheap Tickets within ten days of the date of this Judgment.
3. Within ten days of the date of this Judgment, ICS must surrender for destruction all products, labels, packaging, advertisements, and other materials bearing the designation associated with Defendant's CHEAP TICKET or CHEAP TICKET.COM mark pursuant to 15 U.S.C. § 1118;

4. Effective the date of this Judgment, any state or federal trademark obtained by ICS of the CHEAP TICKET or the CHEAP TICKET.COM mark be canceled and declared null and void pursuant to 15 U.S.C. § 1119;

5. That the Cheap Tickets' trademark is not a generic term;

6. Profits made by ICS, damages suffered by Cheap Tickets, costs, and attorney's fees, pursuant to the Lanham Act (15 U.S.C. §1117 (a) and (b)), and sanctions pursuant to the Order dated March 29, 2004, will be awarded to Cheap Tickets in an amount to be determined by the Court after submissions by the parties and a hearing, if necessary.

Dated: Central Islip, New York
April 7, 2004

SO ORDERED

TRADEMARK
Docket No. 302082400630

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE
BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD

INTERNATIONAL CONSULTING SERVICES,
LTD. d/b/a ICS TRAVEL

Petitioner,

v.

CHEAP TICKETS, INC.

Respondent.

Cancellation No.: 92032311

Consolidated with Opposition No. 91124251



05-10-2004

U.S. Patent & TMO/TM Mail Rcpt Dt. #22

REVOCATION OF POWER OF ATTORNEY AND
POWER OF ATTORNEY UNDER 37 C.F.R. § 2.11

Commissioner for Trademarks
2900 Crystal Drive
Arlington, VA 22202-3513

Dear Commissioner:

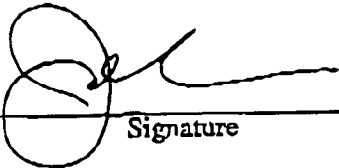
Respondent hereby revokes all previous powers of attorney and appoints Philip T. Besirof, Sherri N. Blount, Genevieve S. Burch, Barry E. Bretschneider, Thomas E. Ciotti, John F. Delaney, Stephen C. Durant, Kimberly A. Eckhart, W. Brian Edge, Maame A.F. Ewusi-Mensah, Christopher E. George, Edward W. Gray, Jr., Douglas Hendricks, Lynn M. Humphreys, Gladys H. Monroy, Kate H. Murashige, Carole E. Reagan, Aaron P. Rubin, Andrew N. Spivak, Rosemary S. Tarlton, Jennifer Lee Taylor, Pia Yu and Dean J. Zipser, all members of a bar of a state in the United States, all members of a bar of a state in the United States, as its attorneys with full power of substitution and revocation, to transact all business in the Patent and Trademark Office in connection with the above referenced cancellation proceeding.

Please direct all communications to:

Rosemary S. Tarlton
Morrison & Foerster LLP
425 Market Street
San Francisco, California 94105-2482

Please direct all telephone calls to Rosemary S. Tarlton at (415) 268-6810.

5/10/04
Date


Signature

973-496-5767
Telephone No.

General Counsel
Print Name and Title
John Kim, General Counsel

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE
BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD

INTERNATIONAL CONSULTING SERVICES,
LTD. d/b/a ICS TRAVEL

Petitioner,

v.

CHEAP TICKETS, INC.

Respondent.

Cancellation No.: 92032311

Consolidated with Opposition
No. 91124251



05-10-2004

U.S. Patent & TMO/c/TM Mail Rcpt Dt. #22

Box TTAB NO FEE
Commissioner for Trademarks
2900 Crystal Drive
Arlington, VA 22202-3513

RESPONSE TO ORDER TO SHOW CAUSE

On April 20, 2004, the Trademark Trial and Appeal Board ("Board") issued an Order to Show Cause why it should not enter judgment against Respondent Cheap Tickets, Inc. ("Cheap Tickets" or "Respondent") in light of Cheap Tickets having allowed Registration No. 2,021,844, involved in the aforementioned cancellation proceedings ("844 Registration") to be cancelled under Section 8 of the Trademark Act.¹ Pursuant to 37 C.F.R. 2.134(b) and Trademark Trial Appeal Board Manual Of Procedure, Section 602.02(b), Cheap Tickets files this response to show good cause why judgment should not be entered against it in connection with the '844 Registration. As is established in more detail below, the entry of judgment is not appropriate in this case because Respondent has not abandoned the CHEAP TICKETS mark included in the '844 Registration. In fact, Cheap Tickets filed a timely Section 8 affidavit in connection with the

¹ The Order to Show Cause does not pertain to Registration No. 2,021,749 ("749 Registration"), for the word mark CHEAP TICKETS, INC., and which is also the subject of these proceedings.

'844 Registration. *See* Declaration of Susan L. Crane ("Crane Decl.") ¶ 3 and Exh. A. Given the timely filing of the Section 8 affidavit, the cancellation of the '844 Registration was an error by the USPTO, which Respondent will seek to remedy through a petition to the Commissioner of Patents and Trademarks. *See id* ¶ 4.

Moreover, given that Petitioner's allegations with respect to the '844 Registration and the CHEAP TICKETS mark have been held by a federal court to be entirely lacking in merit and warranting the imposition of sanctions against Petitioner, the entry of judgment against Respondent with respect to the '844 Registration would be tantamount to a travesty and miscarriage of justice.

On December 12, 2002, Respondent filed a timely Section 8 Affidavit of Continued Use for the '844 Registration.² *See* Crane Decl. ¶ 3 and Exh. A. The USPTO confirmed receipt of the Section 8 filing through an electronic communication with Respondent and entered a notation on the TEAS system stating "TEAS Section 8 Received". *See id* ¶ 3 and Exh. B. Respondent did not hear further from the USPTO concerning the Section 8 filing. *Id.* ¶ 4. It appears, however, that on September 13, 2003, the USPTO erroneously cancelled the '844 Registration for failure to file a Section 8 affidavit. *Id.* Exh. B. Respondent was not aware of the erroneous cancellation of the '844 Registration until receipt of the Order to Show Cause on April 20, 2004. *Id.* ¶ 4. In light of the fact that Respondent timely filed a Section 8 Affidavit of Continued Use, rendering the subsequent cancellation an error, it would be inappropriate to enter judgment in favor of Petitioner in this matter.

In addition, the utter lack of merit to Petitioner's case and Petitioner's misconduct in pursuing the same claims asserted in the cancellation action in federal court provide further support for the conclusion that there should be no entry of judgment for Petitioner on any

² The Section 8 Affidavit submitted in connection with the '844 Registration erroneously referenced U.S. Registration No. 2,021,749. When this error was detected by Respondent a few days after the filing, Respondent confirmed with the Post Registration Branch of the USPTO that it could be corrected through the filing of a letter explaining the error and providing the proper registration number reference. Respondent submitted the requested letter on December 18, 2002. *See* Crane Decl. ¶ 3 and Exh. C.

grounds in this case. Petitioner sought to intimidate Cheap Tickets into allowing Petitioner to use the virtually identical designations of CHEAP TICKET and CHEAPTICKET.COM in connection with its travel services to profit from Cheap Tickets' success by creating both a likelihood of and actual confusion among consumers. *See* Crane Decl., ¶ 5. To that end, on July 18, 2001,³ Petitioner filed the instant petition to cancel the '844 Registration and the '749 Registration⁴ on grounds the marks were merely descriptive and/or generic. *See id.* Petitioner did not include any allegations of abandonment in its pleadings. On the same day, Petitioner initiated a suit in the United States District Court for the Eastern District of New York, Civil Action No. 01-4768 JS, on the same grounds ("Federal Action"). *See id.*, ¶ 6. Again, Petitioner did not include any allegation of abandonment. In the Federal Action, Cheap Tickets filed its answer and counterclaim alleging, among other things, trademark infringement for Petitioner's use of the CHEAP TICKET designation and CHEAPTICKET.COM domain name. *See id.* On October 10, 2001, Petitioner also filed Opposition No. 91124251 for Application Serial No. 76/043,058. *See id.*, ¶ 7. With its opposition, Petitioner cites the same grounds it alleges in the instant cancellation proceeding and Federal Action. *See id.*

Because Petitioner made the same allegations in the instant cancellation proceeding, the opposition proceeding and Federal Action, Cheap Tickets sought to consolidate and stay both the cancellation and opposition proceedings pending final disposition of the Federal Action. *See* Crane Decl., ¶ 7. On August 23, 2002, the Board granted Cheap Tickets' motion, and the proceedings were consolidated and stayed. *See id.*, ¶ 7, Exh. D.

On May 5, 2003, both Petitioner and Cheap Tickets filed motions for summary judgment in the Federal Action which would dispose of all issues raised. *See* Crane Decl., ¶ 8. In light of the complete lack of merit on the part of Petitioner's allegations, Cheap Tickets prevailed on all grounds and was awarded profits and sanctions. *See id.*, Exh. E (March 29, 2004 Order Granting

³ Service of the petition occurred on August 17, 2001.

⁴ The Board accepted a Section 8 Affidavit of Continued Use for the '749 Registration on February 20, 2003.

Cheap Tickets' Summary Judgment Motion and Denying ICS' Cross Motion for Summary Judgment Motion ("March 29 Order")). Specifically, the Court found, as a matter of law, among other things, that: (1) the CHEAPTICKETS designation was a valid and protectable mark; and (2) Petitioner's use infringed Cheap Tickets' ownership of the CHEAPTICKETS mark. *See id.* at 24. It further awarded sanctions to Cheap Tickets after finding Petitioner had engaged in the "most egregious violations of discovery" by exhibiting a "gross lack of care" in maintaining its business records after its initiation of the Federal Action. *Id.* at 21-23.

Judgment was thereafter entered on April 9, 2004, in favor of Cheap Tickets and against Petitioner ("Judgment"). *See* Crane Decl., ¶ 9, Exh. F. The Court enjoined Petitioner from using the CHEAP TICKET designation and CHEAPTICKET.COM domain name. *See id.* at 1. It further ordered Petitioner transfer the cheapticket.com domain name to Cheap Tickets and surrender for destruction all material bearing the CHEAP TICKET designation. *See id.* at 1. In addition, the Court ordered cancellation of any state or federal trademark registration obtained by Petitioner for the CHEAP TICKET or CHEAPTICKET.COM mark, and awarded damages and sanctions to Cheap Tickets. *See id.* at 2.

The findings that Petitioner's allegations were utterly lacking in merit and that Cheap Tickets was entitled to both profits and sanctions, demonstrate that Petitioner pursued both the Federal Action, the instant cancellation and the opposition proceedings in bad faith. The abuse of process evidenced by Petitioner, coupled with the fact that Cheap Tickets made a timely Section 8 filing with respect to the '844 Registration, warrant a finding that the Board should not now reward Petitioner with entry of judgment in its favor on any basis.

For the foregoing reasons, Cheap Tickets believes it has established good and sufficient cause to request the Board not enter judgment against Cheap Tickets in these cancellation proceedings based on the Section 8 cancellation of the '844 Registration.⁵

Respectfully submitted,

Dated: May 10, 2004

By: 

Rosemary S. Farlton
Attorney for Respondent
Cheap Tickets, Inc.

Morrison & Foerster LLP
425 Market Street
San Francisco, California 94105-2482
Telephone: (415) 268-6810
Facsimile: (415) 268-7522

⁵ Petitioner has filed a notice of appeal in the Federal Action. As such, Cheap Tickets does not, at this time, seek dismissal of these proceedings in light of the findings in the March 29 Order and Judgment entered in the Federal Action. Cheap Tickets plan to seek such dismissal as soon as the judgment in the Federal Action is final.

PROOF OF SERVICE BY MAIL

I am employed with the law firm of Morrison & Foerster LLP, whose address is 425 Market Street, San Francisco, California, 94105; I am not a party to the within cause; I am over the age of eighteen years and I am readily familiar with Morrison & Foerster's practice for collection and processing of correspondence for mailing with the United States Postal Service and know that in the ordinary course of Morrison & Foerster's business practice the document(s) described below will be deposited with the United States Postal Service on the same date that it is placed at Morrison & Foerster with postage thereon fully prepaid for collection and mailing.

I further declare that on the date hereof I served a copy of:

RESPONSE TO ORDER TO SHOW CAUSE;

DECLARATION OF SUSAN L. CRANE IN SUPPORT OF RESPONSE TO ORDER TO SHOW CAUSE

on the following by placing a true copy thereof enclosed in a sealed envelope addressed as follows for collection and mailing at Morrison & Foerster LLP, 425 Market Street, San Francisco, California, 94105:

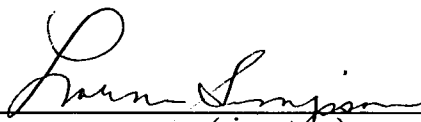
**Thomas A. O'Rourke, Esq.
Bodner & O'Rourke, LLP
425 Broadhollow Road
Suite 108
Melville, NY 11747**

**Wyatt, Gerber & O'Rourke, LLP
99 Park Avenue
New York, NY 10016**

I declare under penalty of perjury under the laws of the State of California that the above is true and correct.

Executed at San Francisco, California, this 10th day of May, 2004.

Lorna Simpson
(typed)


(signature)

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE
BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD

INTERNATIONAL CONSULTING SERVICES, LTD.
d/b/a ICS TRAVEL

Petitioner,

v.

CHEAP TICKETS, INC.

Respondent.

Cancellation No.: 92032311

Consolidated with Opposition
No. 91124251

CERTIFICATE OF MAILING BY EXPRESS MAIL

BOX TTAB NO FEE
Commissioner for Trademarks
2900 Crystal Drive
Arlington, VA 22202-3514

Dear Sir/Madam:


Express Mail Label No.: EV147504919US

Date of Deposit: May 10, 2004

I hereby certify that the attached Response to Order to Show Cause; Declaration of Susan S. Crane in Support of Response to Order to Show Cause; Revocation of Power of Attorney and Power of Attorney Under 37 C.F.R. § 2.11 (in duplicate); Proof of Service by First Class Mail and receipt verification postcard are being deposited with the United States Postal Service Express Mail delivery as "Express Mail Post Office to Addressee" service under 37 C.F.R. § 1.10 on the date indicated above, and is addressed to: BOX TTAB NO FEE, Commissioner for Trademarks, 2900 Crystal Drive, Arlington, VA 22202-3514.

Respectfully submitted,

By: _____


Scott Stewart

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE
BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD

INTERNATIONAL CONSULTING SERVICES,
LTD. d/b/a ICS TRAVEL

Petitioner,

v.

CHEAP TICKETS, INC.

Respondent.

Cancellation No.: 92032311

Consolidated with Opposition
No. 91124251



05-10-2004

U.S. Patent & TMO/c/TM Mail Rcpt Dt. #22

**DECLARATION OF SUSAN L. CRANE IN SUPPORT
OF RESPONSE TO ORDER TO SHOW CAUSE**

Box TTAB NO FEE
Commissioner for Trademarks
2900 Crystal Drive
Arlington, VA 22202-3513

1. I, Susan L. Crane, declare that I am Vice President of Cedant Corporation, which acquired Respondent Cheap Tickets, Inc. ("Cheap Tickets"). I am authorized to make this declaration on behalf of Cheap Tickets.

2. I oversee all work performed by our counsel in connection with Cheap Tickets' trademark property rights, including the rights of the CHEAP TICKETS, INC. and Design mark identified in Registration No. 2,021,844, and involved in the aforementioned cancellation proceedings ("844 Registration").

3. On December 12, 2002, Cheap Tickets filed a Section 8 Affidavit of Continued Use for the '844 Registration. Attached as Exhibit A is a true and correct copy of the Section 8 filing for the '844 Registration. The USPTO confirmed receipt of this filing and noted its receipt on the TEAS system. Attached as Exhibit B is a true and correct copy of the USPTO website records showing this notation. The Section 8 Affidavit filed in connection with the '844 Registration erroneously referenced U.S. Registration No. 2,021,749. As soon as this error was

detected, my office contacted the Post Registration Branch of the USPTO and confirmed that it could be corrected with a written submission clarifying and correcting the erroneous reference. We made that submission on December 18, 2003. Attached as Exhibit C is a true and correct copy of the letter submitted to make the requisite correction with respect to the Section 8 filing for the '844 Registration.

4. To date, Cheap Tickets has not received any communication from the USPTO concerning the Section 8 Affidavit filed in connection with the '844 Registration. Cheap Tickets first learned of the cancellation of the '844 Registration when it received the Order to Show Cause in this action. Cheap Tickets will seek to remedy the erroneous cancellation through a Petition to the Commissioner.

5. Petitioner International Consulting Services, Ltd. ("Petitioner") sought to intimidate Cheap Tickets into allowing ICS to use the virtually identical designations of CHEAP TICKET and CHEAPTICKET.COM in connection with its travel services to profit from Cheap Tickets' success by creating both a likelihood of and actual confusion among consumers. On July 18, 2001, Petitioner sought, with the instant proceeding, to cancel the '844 Registration and Registration No. 2,021,749 ("749 Registration") on grounds the marks were merely descriptive and/or generic. Service of the petition occurred on August 17, 2001.

6. On July 18, 2001, Petitioner initiated a suit in the United States District Court for the Eastern District of New York, Civil Action No. 01-4768 JS, on the same grounds ("Federal Action"). Cheap Tickets filed its answer and counterclaim alleging, among other things, trademark infringement for ICS' use of the CHEAP TICKET designation and CHEAPTICKET.COM domain name.

7. Because Petitioner made the same allegations in the instant cancellation proceeding, the opposition proceeding and Federal Action, Cheap Tickets sought to consolidate and stay both the cancellation and opposition proceedings pending final disposition of the Federal Action. On August 23, 2002, the Board granted Cheap Tickets' motion, and the

proceedings were consolidated and stayed. Attached at Exhibit D is a true and correct copy of the Board's Order.

8. On May 5, 2003, both Petitioner and Cheap Tickets filed motions for summary judgment in the Federal Action which would dispose of all issues raised. In light of the complete lack of merit on the part of Petitioner's allegations, Cheap Tickets prevailed on all grounds and was awarded damages and sanctions. Attached at Exhibit E is a true and correct copy of the March 29, 2004 Order Granting Cheap Tickets' Summary Judgment Motion and Denying ICS' Cross Motion for Summary Judgment Motion ("March 29 Order").

9. Judgment was thereafter entered on April 9, 2004, in favor of Cheap Tickets and against Petitioner ("Judgment"). Attached at Exhibit F is a true and correct copy of the Judgment.

All statements made herein of my own knowledge are true and that all statements made on information and belief are believed to be true; and further, that these statements are made with the knowledge that willful, false statements and the like so made are punishable by fine or imprisonment or both, under section 1001 of Title 18 of the United States Code and that such willful false statements may jeopardize the validity of any registration granted on the above application.

5/10/04
Date

Susan Crane
Signature

973-496-5139
Telephone No.

Susan Crane, Vice President
Cendant Corporation

EXHIBIT A

Success!

2021844

We have received your Trademark Declaration of Use of Mark Under Section 8 for registration number ~~2021749~~. We will send an Email message to 'brenda.pope@cendant.com'. However, since e-mail is not always reliable, please print out and save this notice. Thank you.

TEAS support team

Thu Dec 12 14:36:09 EST 2002

STAMP: USPTO/SECT08-204152142202-20021212143609038004-2021749-200f9658a67d7e07a5c353dadb899a4373d-RAM-728-20021212142007551009



Trademark Electronic Application System (TEAS) service
U.S. Patent and Trademark Office
PrintTEAS@uspto.gov

Pope, Brenda

From: PrinTEAS@uspto.gov
Sent: Thursday, December 12, 2002 2:36 PM
To: brenda.pope@cendant.com
Cc: teas@uspto.gov; e-receipt@teas1.uspto.gov
Subject: Received Your Trademark Declaration of Use of Mark Under Section 8

<MARK> CHEAP TICKETS INC.

We have received your Declaration of Use of Mark Under Section 8 for registration number '2021749'. A summary of your submission is listed below. If you determine that you made an error in the information you entered, DO NOT request via e-mail that we correct your filing. The TEAS staff cannot make any changes. You may file an amendment IMMEDIATELY (if still within the statutory period), via a hard paper copy, not electronically, listing your mark and registration number, and stating your proposed correction, to the following address:

BOX Post Reg
Assistant Commissioner for Trademarks
2900 Crystal Drive
Arlington, VA 22202

To avoid lateness due to mail delay, it is recommended that you include the following CERTIFICATE OF MAILING language as part of your submission:

I certify that the foregoing is being deposited with the United States Postal Service as first class mail, postage prepaid, in an envelope addressed to the Assistant Commissioner for Trademarks, 2900 Crystal Drive, Arlington, VA 22202-3513, on:

Date of Deposit _____
Signature _____
Name _____

REGISTRATION NUMBER: 2021749

REGISTRATION DATE: 12/10/1996

*** Applicant Information**

The owner, Cheap Tickets Incorporated, residing at 1 Sylvan Way Parsippany NJ US 07054, is using the mark in commerce on or in connection with the goods and/or services as follows:

*** Classification and Listing of Goods/Services:**

For International Class 039, the owner is using the mark in commerce on or in connection with all goods and/or services listed in the existing registration, as evidenced by the attached specimen(s) showing the mark as used in commerce.

The owner is submitting one specimen for each class showing the mark as used in commerce on or in connection with any item in the class of listed goods and/or services, consisting of a(n) shot from webpage.

***Correspondence Information**

The applicant, hereby appoints Susan L. Crane and Kathryn Geib, Joel Buckberg of Cendant Corporation, One Sylvan Way Parsippany NJ USA 07054 to submit this application on behalf of the applicant.

*** Fees**

A fee payment in the amount of \$100 will be submitted with the form, representing payment for 1 class(es), plus any additional grace period fee, if necessary.

* Declaration Signature

Signature:/vincent ventura/ Date: 12/12/2002
Signatory's Name: Vincent Ventura
Signatory's Position: Senior Vice President

=====

=====TEAS XML SUBMISSION=====

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 <firm-name>Cendant Corporation</firm-name>
 <street>One Sylvan Way</street>
 <city>Parsippany</city>
 <state>NJ</state>
 <postal-code>07054</postal-code>
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 <phone>973-496-5139</phone>
 <fax>973-496-4624</fax>
 <email authorized="y">susan.crane@cedant.com</email>
 <other-appointed-attorney>Kathryn Geib, Joel Buckberg</other-appointed-attorney>
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TEAS support team
 Thu Dec 12 14:36:09 EST 2002

STAMP: USPTO/SECT08-204152142202-20021212143609038004-2021749-200f9658a67d7e07a5c353dcdb899a4373d-
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PTO Form 1583 (Rev 4/2000)

OMB Control #0651-0009 (Exp. 08/31/2004)

Declaration of Use of Mark in Commerce Under Section 8

The table below presents the data as entered.

| Input Field | Entered |
|--|-----------------------------|
| MARK | CHEAP TICKETS INC. |
| REGISTRATION NUMBER | 2021749 |
| REGISTRATION DATE | 12/10/1996 |
| OWNER NAME | Cheap Tickets Incorporated |
| OWNER STREET | 1 Sylvan Way |
| OWNER CITY | Parsippany |
| OWNER STATE | NJ |
| OWNER POSTAL CODE | 07054 |
| OWNER COUNTRY | US |
| ATTORNEY NAME | Susan L. Crane |
| ATTORNEY FIRM NAME | Cendant Corporation |
| ATTORNEY STREET | One Sylvan Way |
| ATTORNEY CITY | Parsippany |
| ATTORNEY STATE | NJ |
| ATTORNEY POSTAL CODE | 07054 |
| ATTORNEY COUNTRY | USA |
| ATTORNEY PHONE | 973-496-5139 |
| ATTORNEY FAX | 973-496-4624 |
| ATTORNEY EMAIL | susan.crane@cendant.com |
| ATTORNEY AUTHORIZED TO COMMUNICATE VIA E-MAIL | Yes |
| OTHER APPOINTED ATTORNEY(S) | Kathryn Geib, Joel Buckberg |
| SERIAL NUMBER | 74683869 |
| CLASS CODE | 039 |

| | |
|-------------------------------------|---|
| KEEP EXISTING GOODS AND/OR SERVICES | YES |
| SPECIMEN FILE NAME | 204152142202-12142007903-CHEAP_TICKETS_INC_SPECIMEN_(2021749).jpg |
| SPECIMEN | shot from webpage |
| SIGNATORY NAME | Vincent Ventura |
| SIGNATORY POSITION | Senior Vice President |
| NUMBER OF CLASSES | 1 |
| NUMBER OF CLASSES PAID | 1 |
| SUBTOTAL AMOUNT | 100 |
| TOTAL AMOUNT | 100 |

PTO Form 1583 (Rev 4/2000)

OMB Control #0651-0009 (Exp. 08/31/2004)

Declaration of Use of Mark in Commerce Under Section 8**Registration Number: 2021749****Specimen : 204152142202-12142007903-CHEAP_TICKETS_INC_SPECIMEN_(2021749).jpg**

Cheap Tickets flights, hotels, cars, cruises, last minute trips 1 800 922.8849 - Microsoft Internet Explorer proxy

http://www.cheaptickets.com/us/cheaptickets/home/index_01.xml

Welcome to Cheap Tickets! Tell us what you think about our new site.

CheapTickets.
The Best Kept Secret in Travel

Reduce Your Credit Card Payments

Home Flights Lodging Condo Rental Cars Cruises Vacation Packages Last Minute Flights Hotels

Flights **Lodging** **Cars**

Leaving From: [] Departure Date: Jan 2 Time: Anytime

Going To: [] Return Date: Jan 9 Time: Anytime

Number of Stops: No Pref. Adults: 1 More Search Options SEARCH

Spotlight Specials

- Now save even more on airfares
- Denver, from \$40 per night
- BIC savings on Hertz
- Ft. Lauderdale, from \$48 per night
- Orlando vacations, from \$269
- \$100 cash back with air+condo+car
- Fly American and get more leg room

[Return to Top](#)[Go Back](#)

EXHIBIT B

Thank you for your request. Here are the latest results from the TARR web server.

This page was generated by the TARR system on 2004-05-07 14:45:06 ET

Serial Number: 74713960 Assignment Information

Registration Number: 2021844 Assignment Information

Mark



(words only): CHEAP TICKETS INC.

Standard Character claim: No

Current Status: Registration canceled under Section 8.

Date of Status: 2003-09-13

Filing Date: 1995-08-10

Transformed into a National Application: No

Registration Date: 1996-12-10

Register: Principal

Law Office Assigned: LAW OFFICE 105

If you are the applicant or applicant's attorney and have questions about this file, please contact the Trademark Assistance Center at TrademarkAssistanceCenter@uspto.gov

Current Location: 900 -Warehouse (Newington)

Date In Location: 2001-08-08

LAST APPLICANT(S)/OWNER(S) OF RECORD

1. Cheap Tickets Incorporated

Address:

Cheap Tickets Incorporated
1695 Kapiolani Boulevard

Honolulu, HI 96814

United States

Legal Entity Type: Corporation

State or Country of Incorporation: Hawaii

GOODS AND/OR SERVICES

travel agency services, namely, arranging travel packages; making reservations and bookings for transportation; travel booking agencies; and travel information services

International Class: 039

First Use Date: 1995-06-04

First Use in Commerce Date: 1995-06-04

Basis: 1(a)

ADDITIONAL INFORMATION

Disclaimer: "INC."

Section 2(f): as to "CHEAP TICKETS"

MADRID PROTOCOL INFORMATION

(NOT AVAILABLE)

PROSECUTION HISTORY

2003-09-13 - Canceled Section 8 (6-year)

2002-12-12 - TEAS Section 8 Received

2001-08-17 - Cancellation instituted for Proceeding

1996-12-10 - Registered - Principal Register

1996-09-17 - Published for opposition

1996-08-16 - Notice of publication

1996-07-17 - Approved for Pub - Principal Register (Initial exam)

1996-06-28 - Examiner's amendment mailed

1996-05-17 - Communication received from applicant

1996-02-01 - Case file assigned to examining attorney

1995-11-17 - Non-final action mailed

1995-11-09 - Case file assigned to examining attorney

CONTACT INFORMATION

Correspondent (Owner)

Mark J. Nielsen (Attorney of record)

Mark J. Nielsen
12351 Lake City Way N.E., Suite 203
Seattle, WA 98125

EXHIBIT C



December 18, 2002

VIA FACSIMILE 703-746-3200

POST - REG
Commissioner of Trademarks
2900 Crystal Avenue
Arlington, VA 22202-3513

Attn: Keara Lance - Post Registration Branch

Re: Registration No 2,021,844
Mark: CHEAP TICKETS, INC.

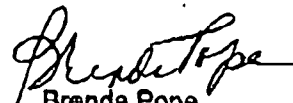
Dear Ms. Lance:

This shall confirm our conversation wherein I advised your office that the wrong Declaration of Use was electronically filed for the above-referenced mark on December 12th. The Declaration of Use was inadvertently filed under Registration No. 2,021,749 but should have been filed under Registration No. 2,021,844. You will note fees were deducted out of Deposit Account No. 501291, for the same registration.

If you have any questions, please do not hesitate to contact me.

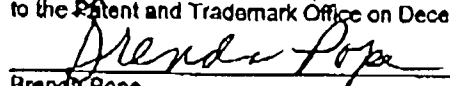
Thank you for your assistance in this matter.

Sincerely,


Brenda Pope
Senior Paralegal

CERTIFICATE OF TRANSMISSION

I hereby certify that this correspondence is being facsimile transmitted to the Patent and Trademark Office on December 18, 2002.


Brenda Pope

131048





December 18, 2002

VIA FACSIMILE 703-746-3200

POST - REG
Commissioner of Trademarks
2900 Crystal Avenue
Arlington, VA 22202-3513

Attn: Keara Lance - Post Registration Branch

Re: Registration No 2,021,844
Mark: CHEAP TICKETS, INC.

Dear Ms. Lance:

This shall confirm our conversation wherein I advised your office that the wrong Declaration of Use was electronically filed for the above-referenced mark on December 12th. The Declaration of Use was inadvertently filed under Registration No. 2,021,749 but **should have been filed under Registration No. 2,021,844**. You will note fees were deducted out of Deposit Account No. 501291, for the same registration.

If you have any questions, please do not hesitate to contact me.

Thank you for your assistance in this matter.

Sincerely,

Brenda Pope
Senior Paralegal

CERTIFICATE OF TRANSMISSION

I hereby certify that this correspondence is being facsimile transmitted to the Patent and Trademark Office on December 18, 2002.

Brenda Pope

131346



TO: Auto-reply fax to 1 973 496 5331 COMPANY:

Auto-Reply Facsimile Transmission



TO:

Fax Sender at 1 973 496 5331

Fax Information

Date Received:

Total Pages:

12/18/02 2:32:02 PM [Eastern Standard Time]

1 (including cover page)


ADVISORY: This is an automatically generated return receipt confirmation of the facsimile transmission received by the Office. Please check to make sure that the number of pages listed as received in Total Pages above matches what was intended to be sent. Applicants are advised to retain this receipt in the unlikely event that proof of this facsimile transmission is necessary. Applicants are also advised to use the certificate of facsimile transmission procedures set forth in 37 CFR 1.8(a) and (b), 37 CFR 1.6(f). Trademark Applicants, also see the Trademark Manual of Examining Procedure (TMEP) section 306 et seq.

Received
Cover
Page

=====>

DEC 18 2002 14:27 FR CENDANT CORP 1 973 496 5331 TO 917007893200 P.01/01

Legal Department
Commissioner's Office

 **CENDANT**

December 18, 2002

VIA FACSIMILE 703-744-3200

POST - REG
Commissioner of Trademarks
2500 Crystal Avenue
Arlington, VA 22202-3613

Attn: Karen Lance - Post Registration Branch


Re: Registration No. 2,021,844
Mark: CHEAP TICKETS, INC.

Dear Ms. Lance:

This shall confirm our conversation wherein I advised your office that the wrong Declaration of Use was electronically filed for the above-referenced mark on December 12th. The Declaration of Use was inadvertently filed under Registration No. 2,021,749 but should have been filed under Registration No. 2,021,844. You will note these items deducted out of Dodach Account No. 601281 for the same registration.

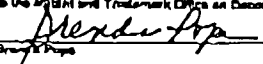
If you have any questions, please do not hesitate to contact me.


Thank you for your assistance in this matter.

Sincerely,

Brenda Pope
Senior Paralegal

CERTIFICATE OF TRANSMISSION

I hereby certify that this correspondence is being facsimile transmitted to the Patent and Trademark Office on December 18, 2002.


Brenda Pope
12/18/02



Received from (1973 496 5331) at 12/18/02 2:32:02 PM [Eastern Standard Time] P.01 TOTAL PAGES: 01

EXHIBIT D

UNITED STATES PATENT AND TRADEMARK OFFICE
Trademark Trial and Appeal Board
2900 Crystal Drive
Arlington, Virginia 22202-3513

Mailed: August 23, 2002

Opposition No. 91124251
Cancellation No. 32,311

INTERNATIONAL CONSULTING
SERVICES, LTD D/B/A ICS TRAVEL

v.

CHEAP TICKETS, INCORPORATED

Nancy L. Omelko, Interlocutory Attorney:

On May 1, 2002, applicant/respondent filed a motion to consolidate the two proceedings referenced above and to suspend for pending civil action.

It is the view of the Board that consolidation is appropriate inasmuch as the parties are the same and the two proceedings involve common questions of fact.

Applicant/respondent motion to consolidate is hereby granted. Accordingly, Opposition No. 124,251 and Cancellation No. 32,311 are hereby consolidated.

The consolidated cases may be presented on the same record and briefs. See *Helene Curtis Industries Inc. v. Suave Shoe Corp.*, 13USPQ2d 1618 (TTAB 1989). As a general rule, from this point on only a single copy of any paper or motion should be filed herein; but that copy should bear all proceeding numbers in its caption. Exceptions to the

general rule involve stipulated extensions of the discovery and trial dates, see Trademark Rule 2.121(d), and briefs on the case, see Trademark Rule 2.128.

The motion to suspend the proceeding pending final determination of a civil action between the parties is hereby granted as well taken.¹ It is the policy of the Board to suspend proceedings when the parties are involved in a civil action which may be dispositive of or have a bearing on the Board case. See Trademark Rule 2.117(a).

Accordingly, proceedings are suspended pending final disposition of the civil action between the parties.

Within twenty days after the final determination of the civil action, the interested party should notify the Board so that this case may be called up for appropriate action. During the suspension period the Board should be notified of any address changes for the parties or their attorneys.

¹ Defendant's consented motion (filed July 8, 2002) to extend discovery and testimony dates is moot.

EXHIBIT E

Doc 7.

FILED
U.S. DISTRICT COURT
EASTERN DISTRICT OF NEW YORK

★ MAR 29 2004 ★

3/29/04
LONG ISLAND OFFICE

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF NEW YORK

-----X
INTERNATIONAL CONSULTING SERVICES,
LTD, d/b/a ICS TRAVEL,

Plaintiff,

- against -

CHEAP TICKETS, INC.,

Defendant.
-----X

MEMORANDUM AND ORDER
01-CV-4768 (JS) (MLO)

Appearances:

For Plaintiff:

Thomas A. O'Rourke, Esq.
Bodner & O'Rourke
425 Broadhollow Road
Suite 108
Melville, New York 11747

For Defendant:

Jamie A. Levitt, Esq.
Morrison & Foerster, LLP
1290 Avenue of the Americas
New York, New York 10104

SEYBERT, District Judge:

Pending before the Court is a motion brought by Defendant, Cheap Tickets, Inc. ("Defendant" or "Cheap Tickets"), seeking summary judgment pursuant to Rule 56 of the Federal Rules of Civil Procedure. Defendant seeks summary judgment on its trademark infringement, unfair competition, and cybersquatting claims against the Plaintiff, International Consulting Services, Ltd., d/b/a ICS Travel ("Plaintiff" or "ICS"). In addition, Defendant also moves for sanctions pursuant to Rule 37 of the Federal Rules of Civil Procedure for Plaintiff's loss of e-mail communications and business records. Also, pending before this Court is ICS' motion for summary judgment motion asserting that the

65

trademark of Cheap Tickets is a generic term and, therefore, not a valid trademark. As discussed below, this Court finds that, as a matter of law, Defendant's summary judgment motion as to Plaintiff's trademark infringement, unfair competition, and cybersquatting claims is GRANTED. In addition, Defendant's motion for sanctions is GRANTED. Plaintiff's motion for summary judgment asserting that Defendant's trademark is a generic term and not a valid trademark is DENIED.

BACKGROUND

The following facts are taken primarily from the parties' Rule 56.1 Statements and Counter Statements and amendments thereto. This case arises out of a dispute regarding the use of the name Cheap Ticket(s) and was instituted by Plaintiff who requested that this Court declare the Defendant's trademarks invalid. Defendant counter-claimed alleging that Plaintiff had used their trademarks by and through the Cheapticket.com domain name.

On August 20, 1986, Cheap Tickets was incorporated in Hawaii and was, and still is, in the business of selling discounted travel related goods and services. Def.'s Stmt. ¶¶ 3-4. Since 1986, Cheap Tickets has continuously used several service marks in its business and spent millions of dollars advertising these service marks. Def.'s Stmt. ¶¶ 6-12. The term Cheap Ticket(s) has been used in a variety of contexts for over 100 years. Pl.'s Stmt. ¶ 1. More recently, the term has been used by newspapers,

magazines, websites, television program and at least one book.

Pl.'s Stmt. ¶¶ 2-13.

Cheap Tickets has sought to protect thier trademarks by filing applications in the United States Patent and Trademark Office ("USPTO"). On December 10, 1996, after examination, the USPTO accepted an application for registration of the mark "Cheap Tickets Inc." when used in connection with travel agency services.

Def.'s Stmt. ¶¶ 15-22. After filing the instant action, ICS petitioned the USPTO to cancel this mark in August 2001. Def.'s

Stmt. ¶ 23. Similarly, the USPTO also accepted an application for registration of the mark "Cheap Tickets Inc." when used in

connection with the company's logo and design. After Cheap Tickets

supplied the USPTO with information regarding the distinctiveness

of the mark pursuant to Section 2(f) of the Trademark Act, the trademark was accepted for registration. Def.'s Stmt. ¶ 25. On

September 11, 2001, the USPTO published both service marks for

opposition. Def.'s Stmt. ¶ 37. The applications for registration

of the marks were accepted by the USPTO on December 4, 2001 and

April 2, 2002. Id.

Cheap Tickets submitted applications to the USPTO for the marks "Cheaptickets" and "Cheaptickets.com." Def.'s Stmt. ¶¶ 38-

49. With regard to "Cheaptickets," the USPTO stated that the

application appears to be entitled to registration and published it

for opposition. The USPTO also published this mark for opposition.

Def.'s Stmt. ¶ 49. Also, the USPTO registered the "cheaptickets.com" service mark. Def.'s Stmt. ¶ 213. Cheap Tickets has been using the domain name Cheaptickets.com since October 3, 1997. Def.'s Stmt. ¶ 54. Cheap Tickets has experienced tremendous growth in the usage of their website. Def.'s Stmt. ¶¶ 55-63.

On several occasions, Cheap Tickets has utilized the legal system against other companies who have attempted to utilize their marks. Def.'s Stmt. ¶¶ 64-75. These actions caused Mr. Cheap's Travel, Ltd. to abandon a trademark application, All World Travel and Trade to transfer a domain name to Cheap Tickets, and Fair Deal Travel to be permanently enjoined from using Cheap Tickets' mark and they were ordered to pay approximately \$20,000 in damages. Def.'s Stmt. ¶¶ 66, 70-71, 75. In addition, Cheap Tickets has sent cease and desist letters to other companies which it suspects are infringing its mark. Def.'s Stmt. ¶¶ 76-87. However, there are domain names registered to many companies which may infringe the Cheap Tickets mark that have not been pursued by Cheap Tickets. Pl.'s Stmt. ¶ 75. To prevent other companies from registering these potentially infringing domain names, Cheap Tickets has registered certain domain names for the sole purpose of keeping them out of circulation. Def.'s Stmt. ¶ 88.

ICS is a travel company formed by William Smith ("Smith"). Def.'s Stmt. ¶ 89. During the years 1986 through 2000,

Smith was the sole owner of ICS and the company has lost money for every year except 1998. Def.'s Stmt. ¶¶ 90-93. ICS spent a total of approximately \$208,000 in advertising throughout its existence and spent nothing on advertising between 1998 and 2000. Def.'s Stmt. ¶ 94. ICS advertised on the Internet between 1995 and 1997 using the ICSTravel.com domain name. Def.'s Stmt. ¶ 95. In late 1997, ICS registered the domain name Cheapticket.com which for the first time provided users the ability to purchase online and, thereafter, the ICSTravel.com domain name was shut down. Def.'s Stmt. ¶¶ 96-97. It was at this same time in 1998 that Smith became employed in a different capacity and ceased ICS' business. Def.'s Stmt. ¶ 99. In 2000, ICS, after being dormant for two years, began to engage in webdesign. Def.'s Stmt. ¶ 104. Smith became aware that his domain name Cheapticket.com had become valuable and he considered selling it. Def.'s Stmt. ¶¶ 105-107. In May 2001, Smith again engaged ICS in the travel business utilizing links to other companies and employing himself and his wife. Def.'s Stmt. ¶¶ 110-114.

On December 15, 1999, Cheap Tickets sent a cease and desist letter to ICS. Def.'s Stmt. ¶ 115. In response, ICS' counsel represented that ICS had been the owner of the domain name Cheapticket.com since 1995. Def.'s Stmt. ¶ 116. Cheap Tickets responded to this representation with a letter, dated February 23, 2000, asking whether ICS claimed any rights in any of Cheap

Tickets' marks to which no response was received. Def.'s Stmt. ¶¶ 116-117. On July 10, 2001, when Cheap Tickets again became aware of the operation of Cheapticket.com they sent another cease and desist letter. Def.'s Stmt. ¶ 118. In response to that letter, ICS instituted the instant action attempting to invalidate Cheap Tickets' marks. Id.

Prior to 2001, ICS did not use any terms that were potentially related to Cheap Tickets. Def.'s Stmt. ¶ 119. In documents from 1996 and 1997 obtained from ICS' litigation against Flo.Kiss there was no mention of Cheap Tickets. Def.'s Stmt. ¶ 120. However, soon after the launch of the Cheapticket.com website, ICS began to advertise itself as the "official site" having been in business since 1986. Def.'s Stmt. ¶¶ 121-125. ICS paid for listing cheap tickets in various search engines and in fact paid extra to have a listing of cheap tickets using the compound word cheaptickets. Def.'s Stmt. ¶¶ 126-135.

ICS' cheapticket.com website prevents communications from customers via telephone or e-mail. Def.'s Stmt. ¶ 137. The cheapticket.com website does not contain a disclaimer that it is not related to the cheaptickets.com website. On at least nine occasions, Cheap Tickets had been informed by consumers that they had done business with ICS and mistakenly believed that it was Cheap Tickets. Def.'s Stmt. ¶¶ 139-147.

As stated above, ICS' travel business hardly flourished

From 1986 until 2001. Def.'s Stmt. ¶ 148. In 2002, however, ICS became very successful and was named one of Travelnow.com's top producers and was offered a deal with Cheapairlines.com for \$50,000 per month. Def.'s Stmt. ¶¶ 149-150. During this litigation, Cheap Tickets sent a cease and desist letter to Cheapairlines.com, copying ICS on the communication, alerting them to the marks of Cheap Tickets. Def.'s Stmt. ¶¶ 163-166. Cheap Tickets expressed concern that a \$30.00 per ticket fee was exorbitant and was illegally concealed on their website and causing consumers to believe that Cheap Tickets was charging a fee which they were not. Def.'s Stmt. ¶¶ 167-168. Cheap Tickets has documented at least twenty instances of being contacted because of the \$30.00 per ticket fee. Def.'s Stmt. ¶¶ 180-199. These calls complaining about the fees are disruptive to the business of Cheap Tickets. Def.'s Stmt. ¶¶ 171-177.

Smith never heard of Cheap Tickets prior to his receipt of the cease and desist letter on December 15, 1999, despite Cheap Tickets receiving extensive press coverage since 1992. Def.'s Stmt. ¶ 151. Smith has between 25 and 75 registered domain names which include names which could infringe other registered trademarks. Def.'s Stmt. ¶ 152. When Smith registered his Cheapticket.com domain name he did so under a nonexistent entity.

Cheap Tickets did not at that time charge a service fee, but now has instituted a \$5.00 per reservation fee. Def.'s June 25, 2003 Letter.

Def.'s Stmt. ¶ 153.

On June 18, 2002, after the commencement of the instant action and after being served a discovery demand from Cheap Tickets, Smith and his wife prepared documents in response to a discovery demand in the ICS v. Kiss action. Def.'s Stmt. ¶ 154. They worked at their counsel's office and did not have time to use the copy machine and, therefore, produced the original documents which are now lost. Def.'s Stmt. ¶¶ 155-156. Smith stated at his deposition that these documents were relevant to the instant action and that he knew at that time about the pending document request from Cheap Tickets. Def.'s Stmt. ¶¶ 157-158. Due to this loss, ICS' case was dismissed against Defendant Kiss and Judge Austin used strong language admonishing ICS' behavior. Def.'s Stmt. ¶ 160. In addition, after ICS' commencement of this action, Smith allowed e-mails to be deleted from his AOL e-mail account and did not make other efforts to retain electronic business records. Def.'s Stmt. ¶¶ 161-162.

DISCUSSION

A district court may properly grant summary judgment only "if the pleadings, depositions, answers to interrogatories, and admissions on file, together with the affidavits, if any, show that there is no genuine issue as to any material fact and that the moving party is entitled to judgment as a matter of law." Fed. R. Civ. P. 56(c). The burden of proof is on the moving party to show

that there is no genuine issue of material fact, Gallo v. Prudential Residential Servs., L.P., 22 F.3d 1219, 1223 (2d Cir. 1994) (citing Heyman v. Commerce & Indus. Ins. Co., 524 F.2d 1317, 1320 (2d Cir. 1975)), and "all ambiguities must be resolved and all inferences drawn in favor of the party against whom summary judgment is sought." Id. (citing Eastway Constr. Corp. v. City of New York, 762 F.2d 243, 249 (2d Cir. 1985)); see also Hayes v. New York City Dept. of Corr., 84 F.3d 614, 619 (2d Cir. 1996). Factual disputes that are irrelevant or unnecessary will not be counted." Anderson v. Liberty Lobby, Inc., 477 U.S. 242, 247, 106 S. Ct. 2505, 91 L. Ed. 2d 202 (1986) (citing 10A Charles A. Wright, Arthur R. Miller, & Mary Kay Kane, Federal Practice and Procedure § 2725, at 93-95 (1983)).

A party opposing a motion for summary judgment "may not rest upon the mere allegations or denials of his pleading, but must set forth specific facts showing that there is a genuine issue for trial." Anderson, 477 U.S. at 248 (quoting First Nat'l Bank v. Cities Serv. Co., 391 U.S. 253, 288-8988, S. Ct. 1575, 204 L. Ed. 2d 569 (1968)). Under the law of the Second Circuit, "when no rational jury could find in favor of the nonmoving party because the evidence is so slight, there is no genuine issue of material fact and a grant of summary judgment is proper." Gallo, 22 F.3d at 1224 (citing Dister v. Continental Group, Inc., 859 F.2d 1108, 1114 (2d Cir. 1988)). Mere conclusory

allegations, speculation or conjecture will not avail a party opposing summary judgment. See Kulak v. City of New York, 88 F.3d 63, 71 (2d Cir. 1996). It is within this framework that the Court addresses the present summary judgment motion.

ANALYSIS

The pending summary judgment motions both revolve around the same issue. That issue is whether Cheap Tickets has a valid trademark or whether it is a generic term which cannot be properly subject to trademark protection. This Court finds that, as a matter of law, the marks of Cheap Tickets are not generic terms, but rather are descriptive or suggestive terms. Therefore, the marks are valid and can be protected. ICS has willfully positioned itself to take advantage of the marks of Cheap Tickets and has been advantaged by the wrongful position.

TRADEMARK INFRINGEMENT AND UNFAIR COMPETITION

The Second Circuit has held that in order to successfully bring a trademark infringement and unfair competition action, the mark holder must establish that its marks are protectable and that another entity is using those marks and thereby confusing the public. See Nabisco, Inc. v. Warner-Lambert Co., 220 F.3d 43, 45 (2d Cir. 2000). The distinctiveness of a mark is presumed when it is registered with the USPTO. See Lois Sportswear, USA, Inc. v. Levi Strauss & Co., 799 F.2d 867, 871 (2d Cir. 1986). In addition, the USPTO's registration of the mark creates a presumption that the

mark has secondary meaning. See Arrow Fastener Co. v. Stanley Works, 59 F.3d 384, 393 (2d Cir. 1995). As a starting point, this Court notes that ICS has not presented the quality, nor the quantity, of evidence which is necessary to rebut these presumptions. The burden is upon ICS to come forward with evidence to rebut the validity of Cheap Tickets' registered marks. See Lane Capital Management, Inc. v. Lane Capital Management, Inc., 192 F.3d 337, 345 (2d Cir. 1999).

Cheap Tickets' service marks are not generic, but rather are descriptive or suggestive. In Abercrombie & Fitch Co. v. Hunting World, Inc., 537 F.2d 4, 9-11 (2d Cir. 1976), Judge Friendly of the Second Circuit held that a mark is suggestive if it requires imagination, thought and perception to reach a conclusion as to the nature of goods." The Judge continued that a mark is descriptive when "it forthwith conveys an immediate idea of the ingredients, qualities or characteristics of the goods." Id. This Court believes that Cheap Tickets' marks do not, in and of themselves, indicate that Cheap Tickets sells travel services. Rather, as Cheap Tickets argues, a consumer could reasonably believe that the marks relate to concert tickets, traffic tickets, or voting tickets. Thus, the terms are only suggestive of the type of services that Cheap Tickets provides.

ICS has provided a plethora of evidence attempting to demonstrate that the Cheap Tickets' marks are generic terms.

Therefore, it is ICS' position that Cheap Tickets marks can not be valid. This Court agrees with ICS' recitation of the law but holds that Cheap Tickets' marks are not generic. In support of their position, and summary judgment motion, ICS provides literally hundreds of examples of the use of the separate words cheap and ticket(s). In addition, their argument is multifaceted and includes that the separate words cheap and tickets have been used for over 100 years; the use of these words has continued unabated, other competitors use the separate words cheap and ticket, Cheap Tickets has used the words cheap and ticket separately, other companies have refused to cease and desist from using the words separately, and the words appear separately in a dictionary and the title of a book. There is a major distinction between ICS' arguments and the type of conduct that ICS has engaged in. ICS does not use cheap and ticket(s) separately. Rather, ICS unexplainedly uses cheapticket.com as the domain name for its business instead of the domain name ICSTravel.com which it had originally used.

The Court has reviewed the voluminous exhibits which ICS submitted with its original motion and with the first and second motions to supplement. After reviewing all of materials which have been submitted, this Court cannot find that cheapticket is a generic term. ICS makes many arguments which all involve the exhibits and how they support a finding that the term is generic.

The Court is not convinced by any of the arguments that ICS makes with regard to Cheap Tickets' marks being generic.

In addition, this Court finds that there is likely to be confusion regarding the use of Cheap Tickets' marks. The TCPIP Holding case, wherein the Second Circuit affirmed the entry of a preliminary injunction, is particularly persuasive. See TCPIP Holding Co. v. Haar Communications, Inc., 244 F.3d 88, 100-2 (2d Cir. 2001). That case, as in this case, involved the use of domain names among competitors. The Second Circuit was particularly concerned that consumers would be confused by domain names that were very similar and, in some instances, the only difference being a plural word form or ".net" instead of ".com." Id. The instant case is no different. ICS is using Cheap Tickets' domain name in the singular form and this is likely to cause confusion. Moreover, affidavits have been presented to this Court which show that damaging confusion has already occurred.

This Court also finds that Cheap Tickets' marks have achieved secondary meaning. In determining whether secondary meaning has been achieved, Courts in this circuit utilize factors including, "(1) advertising expenditures, (2) consumer studies linking the mark to a source, (3) unsolicited media coverage of the product, (4) sales success, (5) attempts to plagiarize the mark, and, (6) length and exclusivity of the mark's use." Centaur Communications, Ltd. v. A/S/M Communications, Inc., 830 F.2d 1217,

222 (2d Cir. 1987)). All of these factors need not be proved, and no single factor is determinative. Id.

It is undisputed in this action that Cheap Tickets has spent vast sums of money advertising its services. Based on this advertising, Cheap Tickets has had great commercial success and has sold billions of dollars of travel service. This factor weighs heavily in favor of finding secondary meaning. Cheap Tickets has also received unsolicited media coverage in television and publications. The company has even been mentioned during a Senate hearing of Internet sales.² This factor also weighs in favor of finding secondary meaning. A study conducted in 2000 showing that a substantial segment of consumers were aware that Cheap Tickets sold travel services also weighs in favor of finding secondary meaning. Finally, many companies have attempted to use Cheap Tickets' marks which also weighs in favor of finding secondary meaning.

Having found that marks are distinctive and entitled to protection, this Court must now consider whether ICS' acts are likely to cause confusion. The first observation this Court makes is that confusion has already occurred as presented to this Court via affidavits. However, this Court will analyze whether a likelihood of confusion exists using the Polaroid factors. See

² Cheap Tickets was discussed at the Senate Commerce, Science and Transportation Committee's July 20, 2000 hearing on purchasing airline tickets via the Internet.

Polaroid Corp. v. Polaroid Electronics Corp., 287 F.2d 492, 495 (2d Cir. 1961). Those factors are: (1) the strength of the mark, (2) the degree of similarity between the two marks, (3) the competitive proximity of the products, (4) actual confusion, (5) the likelihood the plaintiff will bridge the gap, (6) the defendant's good faith in adopting its mark, (7) the quality of the defendant's products, and, (8) the sophistication of the purchasers. See Mobil Oil Corp. v. Pegasus Petroleum Corp., 818 F.2d 254, 256 (2d Cir. 1987).

Under the first factor, this Court finds that Cheap Tickets has undisputably had tremendous sales and spent vast sums of money on advertising. Their marks have achieved secondary meaning and are, indeed, quite strong. The second factor clearly is established as the marks are virtually identical but for ICS not using the plural form of the term. Courts in this District and Circuit have ruled several times that a change of one letter is not enough to avoid another's mark. See Cline v. 1-888-Plumbing Group, Inc., 146 F. Supp. 2d 351, 366 (S.D.N.Y. 2001); Consolidated Cigar Corp. v. Monte Cristi de Tabacos, 58 F. Supp. 2d 188, 198 (S.D.N.Y. 1999); Wella Corp. v. Wella Graphics, Inc., 874 F. Supp. 54, 56 (E.D.N.Y. 1994). No serious argument can be made that the terms cheapticket and cheaptickets are not similar.

The third Polaroid factor also weighs in favor of finding confusion. Cheap Tickets and ICS offer their services in close proximity to each other via Internet sales. This case presents an

interesting twist to this factor as it does not involve traditional sales. This Court has received no evidence as to where the computer servers hosting the websites are located, but finds that the consumers who are likely to be confused are in proximity to both ICS and Cheap Tickets via the Internet. This finding is based on the nearly identical domain names used by the Plaintiff and the Defendant. The fourth factor, actual confusion, weighs in favor of finding a likelihood of confusion. Cheap Tickets has already documented calls complaining about ICS' services. While the Court has not been overwhelmed with documentation of hundreds of complaints, although they probably exist, the confusion which has been documented most likely is the "visible portion of the iceberg." See Globe-Union Inc. v. Clark, 311 F.2d 819, 822 (Cust. & Pat. App. 1963). This Court also believes that only a part of the consumers have been identified because not all consumers would realize Cheap Tickets was a separate entity and may not call them to complain.

There is no need for this Court to consider the fifth factor as there is no need to bridge a gap since the two companies operate in exactly the same type of business. See Paddington Corp. v. Attiki Importers & Distribs., Inc., 996 F.2d 577 (2d Cir. 1993).

The sixth factor -- whether ICS had bad faith in using Cheap Tickets' marks -- heavily weighs in favor of Cheap Tickets. ICS stopped doing business as a travel agency in early 1998. Then,

After Cheap Tickets had established their marks and heavily invested in advertising, ICS began to do business under the name Cheapticket.com. Perhaps if ICS only used the domain name, and nothing more, this Court would not be able to find bad faith. But ICS did not merely use an almost exact domain name. Rather, ICS used a very similar advertising slogan as Cheap Tickets. This Court cannot tell whether ICS had previously used this advertising slogan as there are no documents nor e-mail from the earlier years of ICS' business. ICS was aware, at the time of its website launch, that Cheap Tickets' website was operating. Despite that admission, ICS did nothing to place a disclaimer on their website that they were not affiliated with Cheap Tickets. Considering the evidence that this Court has been presented with there can be no finding other than ICS acted in bad faith by utilizing Cheapticket.com to conduct their travel business.

This Court also believes that the seventh factor weighs in favor of a likelihood of confusion in that ICS' services are inferior to that of Cheap Tickets. Cheap Tickets provides e-mail addresses and phone numbers for customers to use when utilizing their services. ICS provides no such contact information. In addition, a \$30 per ticket fee is not immediately disclosed on the website, while a \$5 reservation fee is disclosed by Cheap Tickets. There is substantial difference between the companies which weighs in favor of a likelihood of confusion. The last factor also

militates in favor of finding a likelihood of confusion. The consumers who are purchasing the goods that ICS and Cheap Tickets sell on the Internet are no more, and no less, likely than the general public to be misled. See Something Old, Something New, Inc. v. OVC, Inc., 98-CV-7450, 1999 WL 1125063, at *10 (S.D.N.Y. 1999). These ordinary consumers are not overly sophisticated, despite the fact that they are purchasing items on the Internet. This factor weighs in favor of a likelihood of confusion.

Accordingly, this Court finds that summary judgment is appropriate because an evaluation of the Polaroid factors can only lead to finding that ICS' conduct creates a likelihood of confusion with regard to Cheap Tickets' marks. See Cadbury Beverages, Inc. v. Cobb Corp., 73 F.3d 474, 478 (2d Cir. 1996).

ANTICYBERSQUATTING CONSUMER PROTECTION ACT

Cheap Tickets also moves for summary judgment on its claim under the Anticybersquatting Consumer Protection Act ("ACPA"). To establish this claim, Cheap Tickets must establish that (1) it has a distinctive or famous mark, (2) ICS' conduct in using Cheapticket.com was identical or confusingly similar to Cheap Tickets' mark, and (3) ICS had a bad faith intent to profit from the mark. See 15 U.S.C. § 1125 (d)(1); Sporty's Farm L.L.C. v. Sportsman's Mkt., Inc., 202 F.3d 489, 496-97 (2d Cir. 2000). As discussed above, there is no doubt that these factors have been established.

With regard to the first factor, this Court finds that Cheap Tickets had a distinctive mark when ICS registered the cheapticket.com domain name. It is undisputed that the USPTO had already found the Cheap Tickets' marks had acquired secondary meaning and that Cheap Tickets had spent large amounts of money for advertising. In addition, the USPTO found that Cheap Tickets had extensive sales. The second factor is established in that, as previously stated, the sole difference is the use of the singular form by ICS. The third factor is also established, as discussed above in the Polaroid factors, but is further explained at this juncture.

The ACPA lists nine factors which the legislative branch has provided courts to consider in determining whether a party has acted with a bad faith intent.³ This Court is not limited to these

- (I) the trademark or other intellectual property rights of the person, if any, in the domain name;
- (II) the extent to which the domain name consists of the legal name of the person or a name that is otherwise commonly used to identify that person;
- (III) the person's prior use, if any, of the domain name in connection with the bona fide offering of any goods or services;
- (IV) the person's bona fide noncommercial or fair use of the mark in a site accessible under the domain name;
- (V) the person's intent to divert consumers from the mark owner's online location to a site accessible under the domain name that could harm the goodwill represented by the mark, either for commercial gain or with the intent to tarnish or disparage the mark, by creating a likelihood of confusion as to the source, sponsorship, affiliation, or endorsement of the site;
- (VI) the person's offer to transfer, sell, or otherwise assign the domain name to the mark owner or any third party for financial gain without having used, or having an intent to use, the domain name in the bona fide offering of any goods or

factors and could rest our analysis on our previous finding of bad faith. See 25 U.S.C. § 1125(d)(1)(B)(i). But briefly, ICS has never used Cheap Tickets or Cheap Ticket as its company's name. ICS decided when it reentered the travel business to use Cheapticket.com as a domain name. The first, second, and third factors all militate towards a finding of bad faith. ICS does not use Cheapticket.com in a noncommercial or fair use manner and, therefore, the fourth and fifth factors weigh in favor of a finding of bad faith.

The seventh and eighth factors weigh in favor of bad faith because once ICS became aware of the value of their Cheapticket.com domain name -- a value which can only be explained by the infringement of Cheap Tickets' marks -- Smith admitted that he wanted to sell it. The eighth factor also weighs in favor of bad faith as ICS has registered domain names which may infringe

services, or the person's prior conduct indicating a pattern of such conduct;

(VII) the person's provision of material and misleading false contact information when applying for the registration of the domain name, the person's intentional failure to maintain accurate contact information, or the person's prior conduct indicating a pattern of such conduct;

(VIII) the person's registration or acquisition of multiple domain names which the person knows are identical or confusingly similar to marks of others that are distinctive at the time of registration of such domain names, or dilutive of famous marks of others that are famous at the time of registration of such domain names, without regard to the goods or services of the parties; and

(IX) the extent to which the mark incorporated in the person's domain name registration is or is not distinctive and famous within the meaning of subsection (c)(1) of section 43.

15 U.S.C. § 1125(d)(1)(B)(i).

other business but refuses to produce the domain names to Cheap Tickets. Finally, Cheap Tickets has established their marks in a famous way. The fact that the Senate would use Cheap Tickets during a conference is most telling to this Court as to level of accord Cheap Tickets has achieved.

This Court holds that ICS has violated the ACPA, and as a matter of law, Cheap Tickets' motion for summary judgment is granted.

SANCTIONS

Cheap Tickets has moved for sanctions against ICS pursuant to Rule 37 of the Federal Rules of Civil Procedure. This motion is based on allegations by Cheap Tickets that ICS has allowed the destruction of ICS business-related e-mails and that ICS lost the original copies of their business records. This Court is deeply concerned by the conduct of ICS, particularly their inability to preserve any records from the original travel business. However, this Court does not take sanctions lightly, rather, this Court only issues sanctions for the most egregious violations of discovery. ICS were the ones who initiated this lawsuit and knew, or should have known, that they had a responsibility to protect business records. ICS did not preserve e-mail communications even after this lawsuit was commenced or after receiving warnings from Cheap Tickets. The Court finds that ICS' gross lack of care in maintaining their records after the

initiation of this lawsuit is worthy of sanctions.

The Second Circuit has stated that gross negligence in the destruction of evidence can by itself be enough for the imposition of sanctions. See Residential Funding Corp. v. DeGeorge Fin. Corp., 306 F.3d 99, 101 (2d Cir. 2002). ICS cannot come forward at this point, after allowing e-mail to be deleted, and claim that e-mail communications are unimportant. See Capellupo v. EMC Corp., 126 F.R.D. 545, 551 (D. Minn. 1989). A strong argument could be made that ICS had clear notice upon receipt of the cease and desist letters that nothing relevant to a litigation should be destroyed. But even assuming that the cease and desist letters did not put ICS on notice, ICS itself hired an attorney and brought the instant action. Certainly at that time, ICS subjected itself to a responsibility to maintain all evidence. At the very least, upon receipt of Cheap Tickets' document request, ICS should have made diligent efforts to protect all evidence.

ICS did not make any efforts at all. Allegedly, the e-mail provider has an automatic deletion policy which causes e-mails to be automatically deleted. However, ICS, knowing that it instituted a lawsuit, should have printed out e-mails and taken other reasonable steps to protect these potentially important communications. This is particularly relevant to this action as it involves Internet based companies who frequently communicate via electronic methods. Cheap Tickets will never know for certain what

was contained within those communications.

Further, ICS lost all hard copy business records for their travel business when they produced documents in the ICS v. Kiss matter. This Court is aware that as a sanction, their case was dismissed in that action. While ICS was punished in that action with what is the ultimate penalty, that does not preclude this Court from also penalizing ICS in this action. Though this Court does not dismiss their case on that basis, it does view the previous loss of documents as evidence that ICS should have been more careful with the preservation of e-mail. The loss of the business records infers that ICS has acted grossly negligently in this action.

As a result of the continuous destruction of e-mail, Cheap Tickets was forced to conduct costly third party discovery. This discovery did, in fact, result in e-mails being turned over to Cheap Tickets by the third parties. In other words, this was not a fishing expedition which resulted in no findings. Cheap Tickets went looking for e-mails and actually found them.

This Court, therefore, sanctions ICS by requiring the payment of Cheap Tickets' legal fees and costs in conducting the third party discovery which was necessitated by ICS' grossly negligent loss of e-mails and documents. In addition, ICS will also pay Cheap Tickets for the legal fees and costs associated with making this motion for sanctions.

CONCLUSION

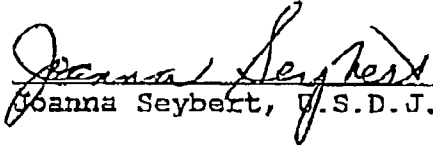
As discussed above, this Court rules as follows with regard to the pending motions:

Defendant's summary judgment motion as to Plaintiff's trademark infringement, unfair competition, and cybersquatting claims is GRANTED.

Defendant's motion for sanctions is GRANTED.

Plaintiff's motion for summary judgment that Defendant's trademark is a generic term and not a valid trademark is DENIED.

SO ORDERED


Joanna Seybert, U.S.D.J.

Dated: Central Islip, New York
March 24, 2004

EXHIBIT F

UNITED STATES DISTRICT COURT FOR THE
EASTERN DISTRICT OF NEW YORK

INTERNATIONAL CONSULTING SERVICES,
LTD., d/b/a/ICS Travel

Plaintiff and Counterclaim Defendant,

-against-

CHEAP TICKETS INC.,

Defendant and Counterclaim Plaintiff.

Civil Action No. 01 CV-4768

JUDGMENT PURSUANT TO Fed. R.
Civ. P. 58 (d) **FILED**
IN CLERK'S OFFICE
U.S. DISTRICT COURT, E.D.N.Y.

★ APR 09 2004 ★

LONG ISLAND OFFICE

This action came before the Court, the Honorable Joanna Scybert presiding, on motions for summary judgment pursuant to Rule 56 of the Federal Rules of Civil Procedure submitted by both Plaintiff International Consulting Services, Ltd. ("ICS") and Defendant Cheap Tickets Inc. ("Cheap Tickets") and on a motion for sanctions submitted by Cheap Tickets. The issues have been duly considered and a decision was duly rendered by the Court on March 29, 2004 granting summary judgment in favor of Cheap Tickets on all of its counterclaims against ICS, denying Plaintiff's motion for summary judgment that Cheap Tickets' trademark is a generic term, and granting Cheap Tickets' motion for sanctions.

Accordingly, it is ORDERED and ADJUDGED:

1. ICS, and any officers, agents, servants, employees, or attorneys of ICS, and all others in active concert or participation with them (collectively "Defendants"), are permanently enjoined from using the CHEAP TICKET mark or CHEAPTICKET.COM domain name, or any mark or domain name similar to or likely to cause confusion with Cheap Tickets' CHEAP TICKETS, CHEAP TICKETS INC., and CHEAP TICKETS INC. & Design marks in the sale, offering for sale, advertising, or promoting any services or products, including travel services and products at any locality in the United States; from passing Defendant's services off as being associated with Cheap Tickets; from registering the CHEAP TICKET mark; and from committing any other unfair business practices directed toward obtaining for themselves the business and customers of Cheap Tickets;
2. ICS must transfer the CHEAPTICKET.COM domain name to Cheap Tickets within ten days of the date of this Judgment.
3. Within ten days of the date of this Judgment, ICS must surrender for destruction all products, labels, packaging, advertisements, and other materials bearing the designation associated with Defendant's CHEAP TICKET or CHEAP TICKET.COM mark pursuant to 15 U.S.C. § 1118;

4. Effective the date of this Judgment, any state or federal trademark obtained by ICS of the CHEAP TICKET or the CHEAP TICKET.COM mark be canceled and declared null and void pursuant to 15 U.S.C. § 1119;

5. That the Cheap Tickets' trademark is not a generic term;

6. Profits made by ICS, damages suffered by Cheap Tickets, costs, and attorney's fees, pursuant to the Lanham Act (15 U.S.C. §1117 (a) and (b)), and sanctions pursuant to the Order dated March 29, 2004, will be awarded to Cheap Tickets in an amount to be determined by the Court after submissions by the parties and a hearing, if necessary.

Dated: Central Islip, New York
April 9, 2004

SO ORDERED

TRADEMARK
Docket No. 302082400630

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE
BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD

INTERNATIONAL CONSULTING SERVICES,
LTD. d/b/a ICS TRAVEL

Petitioner,

v.

CHEAP TICKETS, INC.

Respondent.

Cancellation No.: 92032311

Consolidated with Opposition No. 91124251

REVOCATION OF POWER OF ATTORNEY AND
POWER OF ATTORNEY UNDER 37 C.F.R. § 2.11

Commissioner for Trademarks
2900 Crystal Drive
Arlington, VA 22202-3513

Dear Commissioner:

Respondent hereby revokes all previous powers of attorney and appoints Philip T. Besirof, Sherri N. Blount, Genevieve S. Burch, Barry E. Bretschneider, Thomas E. Ciotti, John F. Delaney, Stephen C. Durant, Kimberly A. Eckhart, W. Brian Edge, Maame A.F. Ewusi-Mensah, Christopher E. George, Edward W. Gray, Jr., Douglas Hendricks, Lynn M. Humphreys, Gladys H. Monroy, Kate H. Murashige, Carol E. Reagan, Aaron P. Rubin, Andrew N. Spivak, Rosemary S. Tarlton, Jennifer Lee Taylor, Pia Yu and Dean J. Zipser, all members of a bar of a state in the United States, all members of a bar of a state in the United States, as its attorneys with full power of substitution and revocation, to transact all business in the Patent and Trademark Office in connection with the above referenced cancellation proceeding.

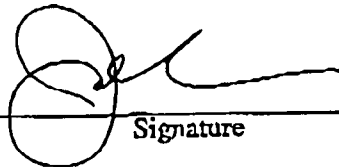
Please direct all communications to:

Rosemary S. Tarlton
Morrison & Foerster LLP
425 Market Street
San Francisco, California 94105-2482

Please direct all telephone calls to Rosemary S. Tarlton at (415) 268-6810.

5/10/04

Date



Signature

973-496-5767

Telephone No.



Print Name and Title

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